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ABSTRACT

This book is about economic development, the process by which countries are improving the living conditions of their people. It is about interdependence and the efforts of people to move toward a better world. The six chapters are entitled: (1) "Inside Developing Countries"; (2) "Comparing Countries"; (3) "The Whys and Hows of Economic Development"; (4) "Activities of Economic Development"; (5) "Paying for Economic Development"; and (6) "Effects of Economic Development." The separately published teaching guide has lessons to accompany each chapter, along with scripts for video slide presentations, additional sources of video materials and educational materials. Worksheets are included for each lesson. (EH)

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The Developing World

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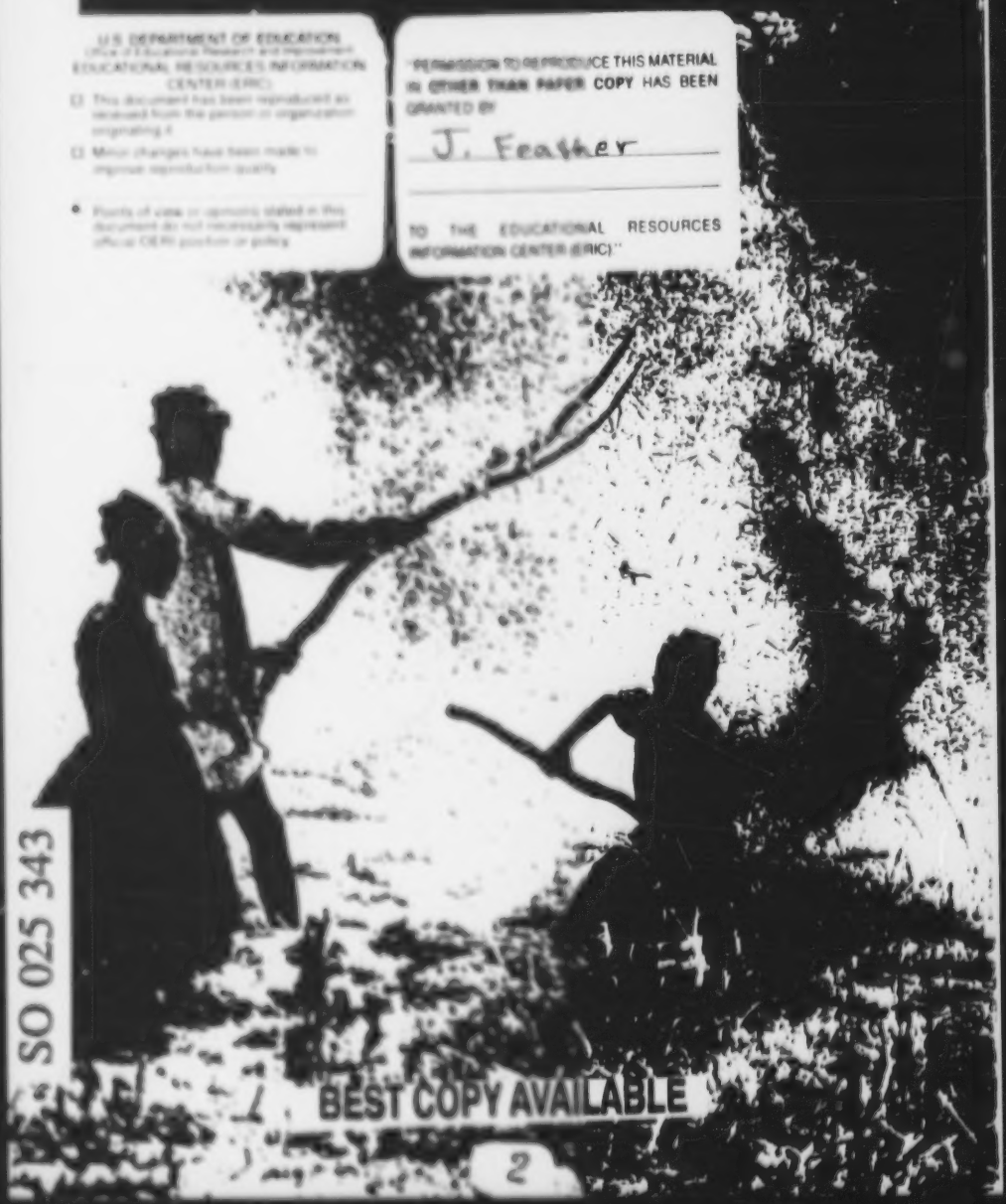

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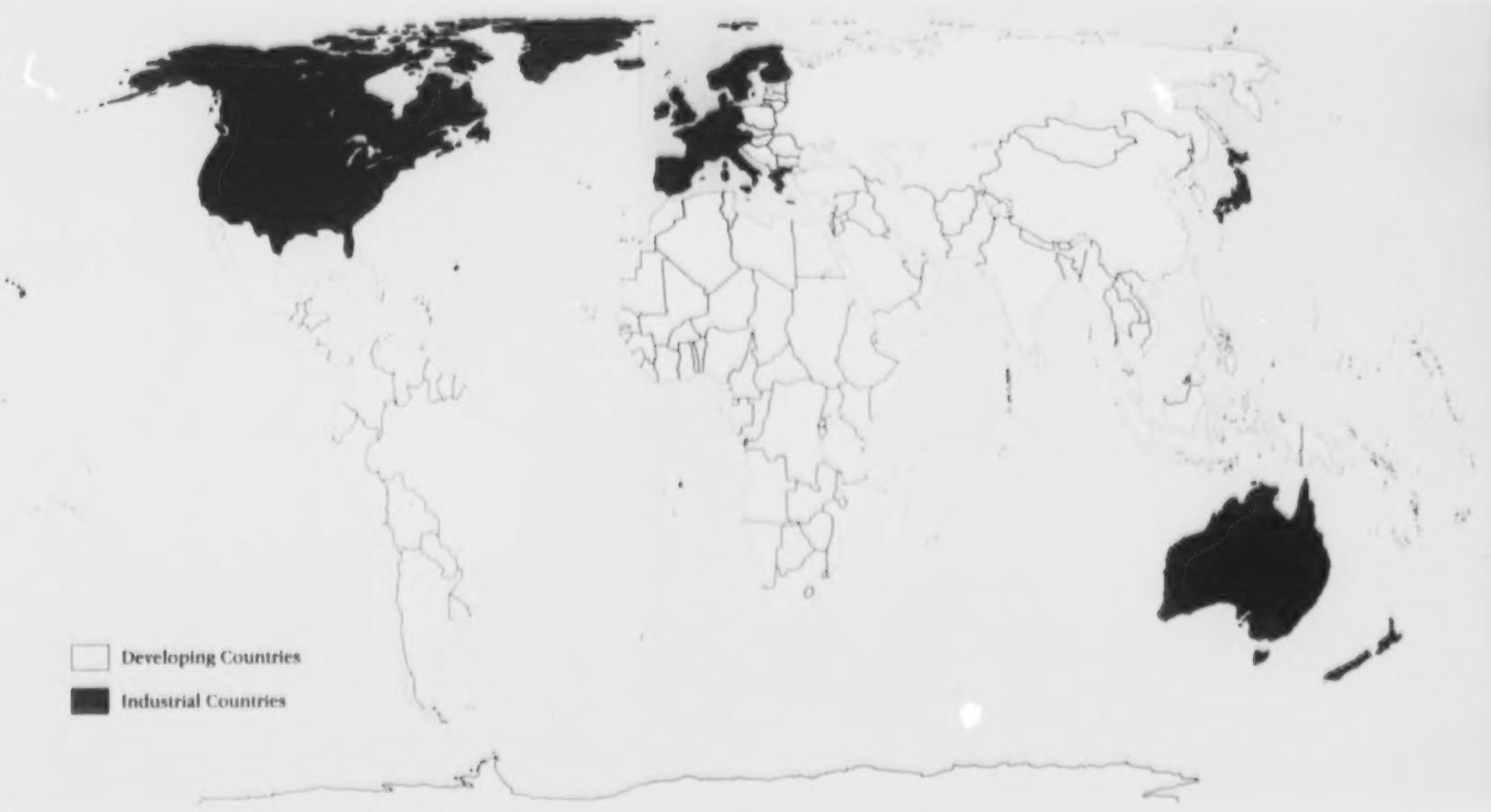
- Industrial countries
- Developed countries
- Rich countries

In these countries most people have a high standard of living. There are about twenty industrial countries; their total population is about 1 billion.

- Developing countries
- Industrializing countries
- Poor countries

In these countries most people have a relatively low standard of living. There are about a hundred developing countries; their total population is about 4 billion.



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The Developing World

Harriet Baldwin and Bruce Ross-Larson

The World Bank
Washington, D.C. 20433
U.S.A.

The World Bank is an international organization owned by more than 150 countries. Its work is to help poor countries in their efforts to improve the living conditions of their people. It does this by lending money to these countries for development projects. The International Development Association, which is part of the World Bank, makes interest-free loans to the world's poorest countries. The World Bank began to operate in 1946; the International Development Association was founded in 1960. Their loans to developing countries now amount to about $20 billion a year.

There are many diverse views about economic development. In recognition of this diversity, the World Bank does not subscribe to any one view. But there is what might be called a mainstream view shared by many professionals working on development issues. The authors of this book have sought to represent such a view. As with any presentation of a complex subject, many statements and interpretations are not universally accepted, and some are the subject of considerable controversy. Consequently, the views and interpretations in this book must be considered to be those of the authors and should not be attributed to the World Bank, to its affiliated organizations, or to any individual acting on their behalf.

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Foreword

This book is about the way the world is developing. It is about more than four billion people who live in countries that are poor. It is about economic development, the process by which poor countries are improving the living conditions of their people. It is about the growing interdependence of rich and poor countries in a rapidly changing world. This book is also about the efforts of people everywhere to move toward a better world, a world in which more people will be well fed, in good health, and able to make choices about the way they make a living.

Since 1946 the World Bank has been assisting the world's poor countries in their efforts to improve the living conditions of their people. This book draws on that experience to add to your knowledge of what the developing world—your world—is like. It is a world of great wealth and grinding poverty, of promise and uncertainty.

Chapter One

Inside Developing Countries

If you landed at the international airport outside the capital city of a typical developing country, you would see an airport much the same as one in an industrial country. You would find nothing strange about the traffic jam you would get caught in as you headed into the city. There might be more bicycles, motor scooters, and small cars than you are used to seeing, perhaps even some rickshaws. In general, however, things would look familiar.

The feeling of familiarity would continue for a while. You would see parks, wide avenues lined with trees, and big buildings for banks, businesses, and government offices. There would be stoplights, parking meters, and late-model cars. A truck rolling past might have been made in your country. Billboards would advertise movies and soft drinks. You would pass shops selling cameras, radios, and jogging shoes. Some people would be dressed as people are in your country; some might be wearing jeans.

Perhaps you would visit the national museum, where historical and artistic treasures are displayed. On a tour of the city you might be taken to an ancient fort or palace, to statues of leaders in the country's fight for independence, and to a temple, mosque, or shrine. You might go to a soccer game in a crowded stadium. And you might stop in a coffee shop, where people your age

listen to some of the same records popular at home.

But as soon as you left the track beaten by tourists, the feeling of familiarity would begin to leave you. You would find houses and buildings in need of repair. Some of them would be draped with laundry hung out to dry. Shopkeepers would display their wares at the edge of the street. In one shop you might see an electric fan propped up to blow the flies away from piles of fruits and vegetables. People would be dressed differently

. . . shopkeepers would display their wares at the edge of the street . . .

from you, perhaps in flowing robes or in wraps of bright cloth. Many of them would not be wearing shoes. Children, wearing little or no clothing, would dart around. You might pass someone who was blind, crippled, or suffering from disease. You probably would feel a little uneasy if a woman carrying a sickly baby tapped your arm and held out her hand to you.

If you drove out of the city, you would pass some large factories and warehouses. But soon the feeling of unfamiliarity would mount. Crowded slums would

stretch for miles. Narrow, unpaved streets would be filled with people, ducks, and chickens, and with cows, goats, and sheep. Dusty lanes would separate shacks roofed with tarpaper or tin sheets. Women would be cooking over charcoal fires in front of their makeshift homes as babies lay beside them and little children played nearby in an open gutter.

As you drove farther into the countryside, you would pass farmers leading wagons drawn by oxen or camels loaded with hay. You would see pregnant women carrying babies on their hips and balancing jugs of water or baskets of produce on their heads. Adults and young people would be at work in the fields that lined the road. A girl your age might be sowing wheat or planting rows of rice. A boy your age might be guiding a plow drawn by a buffalo.

In some developing countries the paved road would end about twenty-five miles outside the capital city. A dusty road, lined with telephone poles, would lie ahead. If you continued on this road you would pass field after field, village after village, and town after town. People would be gathered around small shops that sold tin pots, printed cloth, brightly colored plastic containers, and grain stored in open burlap bags. Occasionally you would see a small factory.

If you traveled in the country for a couple of weeks, you would notice many ways in which it differs from your own country and in which it is like other developing countries. Developing countries are different from each other, but they are alike in five ways that distinguish them from industrial countries. First, most of their people are poor. Second, most families make their living from agriculture. Third, people have few of the skills, tools, and machines that would increase their ability to produce goods and services. Fourth, developing countries can afford to import only limited amounts of the many things they need from other countries. Fifth, their populations are growing rapidly. These conditions make it difficult for people in developing countries to raise their standard of living.

Poverty Is Widespread

There are poor people in all countries. But poverty is far more widespread in developing countries than in industrial countries. It is also much worse.

Hundreds of millions of people in developing countries live on a dollar a day or less. They may be hungry much of the time. Because the food they eat may not nourish them properly, they may have little energy and little resistance to disease. The water they drink is often polluted, and illness is everywhere. They may live in houses that are crowded and poorly built, and they may

Cities and large towns in developing countries have slum areas in which people are crowded together in squalid conditions.

Most people in developing countries have few chances for work that would help them improve their living conditions.

have few clothes. Health care and education are often beyond their reach. Most of them cannot get jobs that would provide them with enough money to enable them to improve their lives.

Hundreds of millions of others in developing countries are barely able to satisfy their minimum needs for food, clothing, shelter, education, health care, and clean water. They may work long hours on farms or in towns and cities, but they do not earn much. Many of them have little chance to get jobs that would enable them to earn more.

Not everybody in developing countries is poor, however. Many people eat nutritious food, drink pure water, live in comfortable houses, and are educated. Their work provides them with regular income. A few of these people are wealthy by any standard.

Why are so many hundreds of millions of people in developing countries poor? The main reason is that these people cannot produce enough or find the work to earn adequate incomes. They do not have the skills, tools, or machines that would enable them to produce more and earn more. They must work hard and long just to survive.

Most Families Make a Living in Agriculture

In most industrial countries the proportion of families that make a living in agriculture is less than 10 percent. In most developing countries that proportion is more than 50 percent, and in many it is more than 70 percent.

Agricultural families in developing countries work under difficult conditions. Often the soil is poor. Rain may come only during a few months of the year, and there is not enough irrigation to supply adequate water at other times. Crops are often attacked by insects or blight. As a result, harvests are good in some years and bad in others. If crops fail because of a drought, a flood, or an insect attack, shortages of food are more severe. There may even be a famine.

Many farmers own land, but their plots are small. Many others work as tenant farmers and pay a large part

For many families in developing countries, farming offers the only hope for getting the food they need to survive.

of the harvest to their landlords as rent. But millions more do not own or rent land. They make a poor living as day laborers, often working only during the planting and harvesting seasons. Even farmers who own or rent land may work only part of the year.

Most farmers in developing countries rely on simple methods. Their farm tools are usually handmade and are similar to those used for hundreds of years. They use animals for plowing and hauling, but their animals may often be sick. And they use seeds that they have saved from the previous harvest.

Because of these conditions, millions of farm families in developing countries produce only enough to feed themselves. Other millions produce a little more than is needed to feed themselves and can sell what is left over—although prices for these goods are often low. Only a few large farms produce a great deal. This low level of agricultural production means that many developing countries do not have enough food to feed their people, and so they must try to import it.

Because farms produce so little and farmers earn so little from what they produce, the incomes of almost all agricultural families are low. And because incomes are low, few farmers can afford to purchase the fertilizer and better seeds that would enable them to produce more. Nor can they afford to buy better livestock or to pay veterinarians to care for their animals. Sometimes they borrow money to buy seed for planting or food to last them during the growing season. But they usually must borrow from shopkeepers, who charge high fees for lending money.

Conditions are particularly difficult for woman farmers. They may produce up to 80 percent of farm crops in developing countries. But often, customs and laws have discouraged women from owning land, borrowing money, or participating in agricultural training classes.

Farmers have little chance to get work during the off season or to take another job that might pay more. Most factories and other work opportunities are in towns and cities. With little hope of improving their conditions in the countryside, many rural people move to urban areas

to find jobs that will give them higher incomes. But few of them have the skills that most jobs require. Even if they were to acquire those skills, there are not nearly enough jobs to go around. Cities in all developing countries are ringed with slums filled with people who once made a living in agriculture.

Capital Is Scarce

Capital is what people use to increase their ability to produce the goods and services they need to improve their living conditions. In general, industrial countries have a lot of capital; developing countries have much less.

Capital includes the plows, warehouses, and irrigation systems needed to produce agricultural goods. It includes the tools, machines, and factories needed to produce manufactured goods. It includes the office

Because developing countries do not have enough capital, people must rely much more on hand power than on machine power.

buildings, business machines, and filing cabinets needed to support the production and sale of goods. It includes the ports, roads, and trucks needed to move goods from producers to purchasers. Capital also includes dams, telephone systems, and electric power generators needed to support economic activity of all kinds. All this is called physical capital.

There is still another kind of capital: human capital—the knowledge and skills that people use to produce goods and services. Human capital is created through training and education. It is at least as important as physical capital. Without skills—whether in farming the land, operating a machine, managing a business, caring for people who are ill, or teaching school—people cannot make the best use of the physical capital they have.

Because industrial countries have a lot of physical and human capital, they can produce a lot of goods and services. Because developing countries generally have

The likelihood is slight that these children will go beyond the sixth grade and gain the skills and knowledge needed for most jobs.

much less capital, they produce far fewer goods and services. To improve the living conditions of their people, developing countries must produce more. But to produce more, they must have more capital. Without that capital, incomes remain low, and many people remain poor.

Imports Are Limited

All countries need goods and services that they cannot produce or do not produce in sufficient quantity. To get these goods and services, a country imports them from other countries. In general, industrial countries import large amounts of many things from other countries. Developing countries import much less.

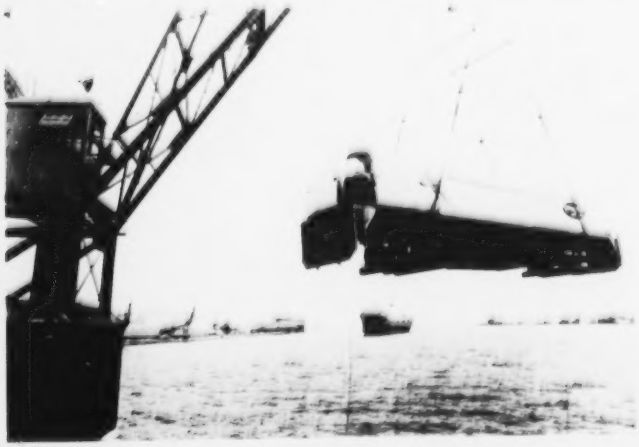
A developing country has to export a lot of bananas to import a single locomotive.

But developing countries need many things from other countries. Examples are food, energy, machinery, and advice from experts on how to run factories, build dams and railroads, and train nurses and teachers. To pay for these imports from other countries, developing countries must export some of their own products. The value of what they can import depends largely on the value of what they export.

The problem of many developing countries is that

they have few things they can export to industrial countries. Other developing countries export a great deal of one or two products—mineral products such as tin, oil, and copper and agricultural products such as tea, coffee, cotton, sugar, and fish. But if the country to which they export the product buys less, or if the price goes down, workers who make the product may be thrown out of work. And because less money is made from exporting the product, there is less money to pay for imports.

Sometimes a developing country can get money to pay for some of its imports by getting a loan or grant from international banks or from the governments of wealthier countries. But there is not enough loan and grant money available to help developing countries pay for the many imports they need. In addition, loans must be



Without imports, developing countries would have to go without many essential goods.

repaid, and developing countries want to avoid accumulating too much debt.

Higher prices for goods and services worldwide—for oil or machinery, for example—mean that developing countries have to increase their exports, borrow money, or import fewer goods and services. This situation makes it much more difficult for developing countries to improve the living conditions of their people.

Populations Are Growing Rapidly

The combined population in developing countries is more than 4 billion, compared with less than 1 billion in industrial countries. In addition, population in developing countries is growing three times faster than in industrial countries.

There are two reasons why population in developing countries is growing so rapidly. First, people are living longer because they are healthier than they used to be. Since World War II modern medicines have been widely used, and public health services have improved. As a result, many diseases that were common in developing countries—such as malaria and smallpox—are no longer the killers they once were. The second reason that population is growing rapidly is that many people in developing countries still have large families. Couples once had to have many babies to be sure that some survived. More babies survive now, but couples are still having many babies.

An important aspect of population growth in developing countries is that the size of urban populations is soaring. Tens of millions of people have moved from rural areas to towns and cities. It is estimated that at least

Throughout the developing world the rapid growth of cities is straining essential services.

fifteen cities in developing countries will have populations of more than 10 million in 2000. Among them are São Paulo and Rio de Janeiro in Brazil, Bombay and Calcutta in India, Shanghai in China, Seoul in the Republic of Korea, Tehran in Iran, Jakarta in Indonesia, Buenos Aires in Argentina, Beijing in China, and Cairo in Egypt. Mexico City may have more than 25 million inhabitants by 2000.

Rapid population growth puts a burden on the land and makes it difficult to improve living conditions in developing countries. More people will need more food, which is already in short supply. More people will also need more houses, more jobs, more schools, and more hospitals. There are too few of these things now. But if population continues to grow rapidly in developing countries, people will have even fewer of these things in the future—and an even greater burden will be put on the land. That is why the rate of population growth must be slowed if living conditions are to improve.

Recent studies show that population growth is indeed beginning to slow down. But even if this trend continues, the world's population will rise to more than 6 billion by 2000 and to 8 or 9 billion by 2025. Almost all of this growth will be in developing countries.

Rapid population growth means that there will be greater needs in the future for food, housing, schools, health care, and jobs.

Chapter Two

Comparing Countries

This chapter presents some statistics that illustrate the characteristics of developing countries described in Chapter One. These statistics provide specific information about how developing countries differ from industrial countries and from each other.

Like most statistics, the ones here have limitations. First, some statistics are based on actual counting, but others are estimates. Second, the statistics of some countries are more accurate than those of other countries. Third, statistics on things measured in terms of money, such as income, must be expressed in a single currency (such as U.S. dollars) to make comparisons possible. This introduces more error. Fourth, statistics are seldom up-to-date because it takes a long time to collect and verify them. (The statistics in this book are the most recent and reliable ones available at the time of writing.) Despite these limitations, statistics are a useful tool for studying and comparing countries.

One statistic that gives some idea of the extent of poverty in a country is *gross national product per capita*, or *GNP per capita*. GNP is the total value of goods and services produced in a country. "Per capita" is Latin and means "divided by the number of people in the country."

To calculate GNP per capita, statisticians first add up the value of all the goods and services that the people of a country produce in one year—all the food, roads, clothes, flashlights, bicycles, telephone calls, television sets, doctors' services, government research, and thousands of other things. The value of all these goods and services each year is the country's gross national product, or GNP. Next, they divide the GNP by the population

of the country. The number they get is the GNP per capita for that year (see Table 1).

GNP per capita is the part of a country's GNP that everyone in the country would have if the GNP were divided equally among them. It is always expressed as an amount of money. It is sometimes called per capita income. GNP per capita is an average; it does not mean that each person in the country gets that amount.

Table 1. Gross National Product, Population, and Gross National Product Per Capita, Selected Countries, 1989

(U.S. dollars)

Country	Gross national product	Population	Gross national product per capita
Malawi	$1,475,000,000	8,200,000	$180
Nigeria	28,314,000,000	113,800,000	250
Burkina Faso	2,716,000,000	8,800,000	320
India	287,383,000,000	852,500,000	340
China	393,006,000,000	1,113,900,000	350
Kenya	8,785,000,000	23,500,000	360
Indonesia	87,936,000,000	178,200,000	500
Bolivia	4,301,000,000	7,100,000	620
Egypt	32,501,000,000	51,000,000	640
Ecuador	10,774,000,000	10,500,000	1,020
Mexico	170,053,000,000	84,600,000	2,010
Malaysia	37,005,000,000	17,400,000	2,160
Brazil	375,146,000,000	147,300,000	2,540
Korea, Rep. of	186,467,000,000	42,400,000	4,400
Germany	1,272,959,000,000	62,000,000	20,440
United States	5,237,707,000,000	248,800,000	20,910
Japan	2,920,310,000,000	123,100,000	23,810
U.S.S.R.[a]	512,640,000,000	288,000,000	1,780

a. GNP and GNP per capita data for the U.S.S.R. are not comparable with data for other countries in the table.

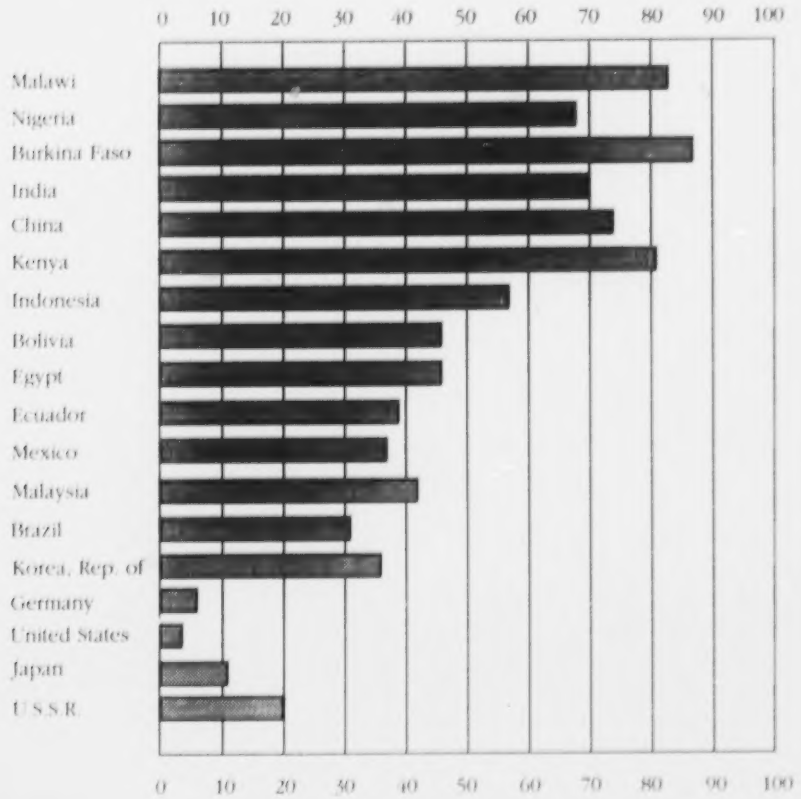
Social indicators are statistics that provide information about the quality of life in a country. There are many social indicators. Three important ones are related to health and education (see Table 2). The ***infant mortality rate*** is the percentage of babies who are born alive but who die before reaching their first birthday. ***Life expectancy*** is the average number of years a newborn child can expect to live. The ***adult literacy rate*** is the percentage of people over fifteen who can read and write.

Table 2. Infant Mortality Rate, Life Expectancy, and Adult Literacy Rate, Selected Countries, Most Recent Estimates

Country	Infant mortality rate, 1989 (percent)	Life expectancy, 1989 (years)	Adult literacy rate, 1985 (percent)
Malawi	14.7	48	41
Nigeria	10.0	51	42
Burkina Faso	13.5	48	13
India	9.5	59	43
China	3.0	70	69
Kenya	6.8	59	59
Indonesia	6.4	61	74
Bolivia	10.6	54	74
Egypt	6.8	60	44
Ecuador	6.1	66	82
Mexico	4.0	69	90
Malaysia	2.2	70	73
Brazil	5.9	66	78
Korea, Rep. of	2.5	70	Not available
Germany	0.8	75	95
United States	1.0	76	95
Japan	0.4	79	95
U.S.S.R.	2.4	70	Not available

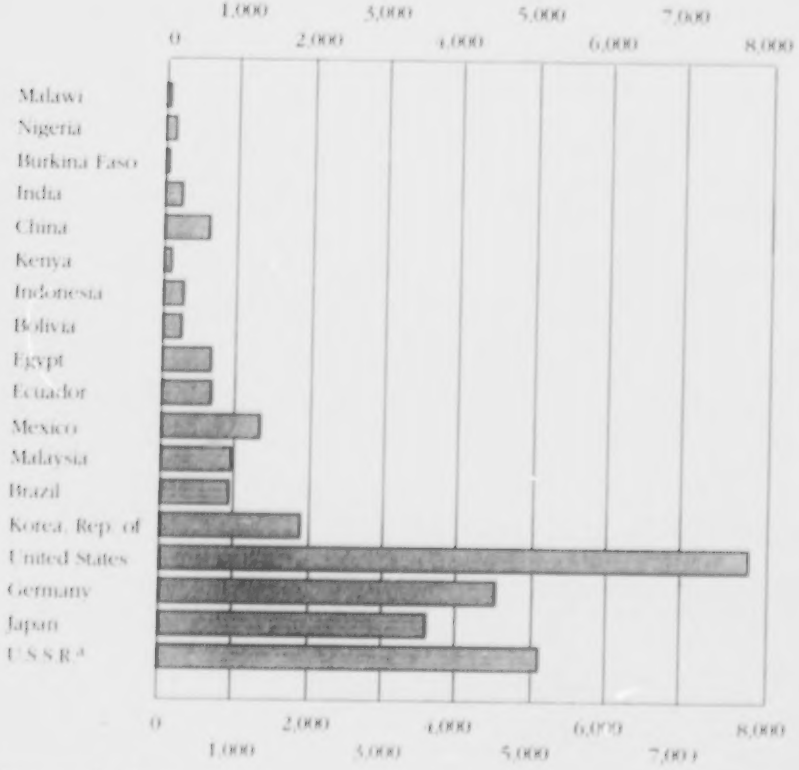
The *proportion of workers in agriculture* indicates how many people in a country work in farming to make their living. That proportion is obtained by dividing the number of workers in agriculture by the total number of workers in a country and expressing that fraction as a percentage (see Figure 1). In all but a few developing countries, the proportion of workers in agriculture is *much higher than in* industrial countries. The main reason is that farming is about the only way most people in developing countries can make a living.

Figure 1. Proportion of Workers in Agriculture, Selected Countries, 1980 (percent)



Energy consumption per capita is the average amount of energy used by each person in a country. It indicates whether capital is plentiful or scarce because some form of energy—oil, coal, gas, or electricity—is required to operate most kinds of physical capital. The statistic is calculated by determining the amount of each kind of energy used in a country during a year and converting these amounts into the equivalent of kilograms of oil. (One kilogram equals 2.2 pounds.) The total is then divided by the country's population (see Figure 2).

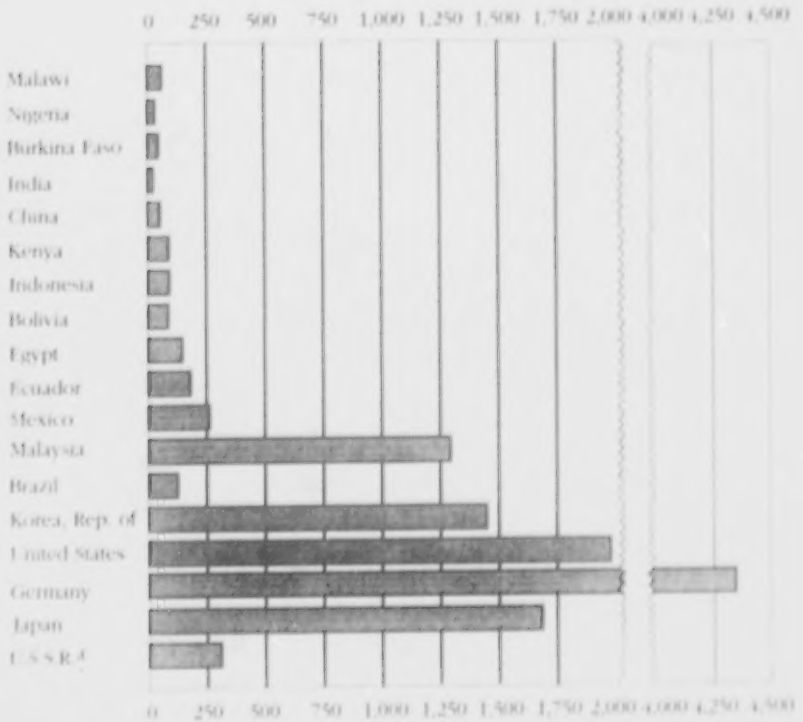
Figure 2. Energy Consumption Per Capita, Selected Countries, 1989
(kilograms of oil equivalent)



a. Data are for 1986.

The *value of merchandise imports per capita* indicates the extent to which a country buys goods from other countries. If a country does not import much, the value of imports per capita usually is low. If a country imports a great deal, the value of imports per capita usually is high. The statistic is calculated by determining the total value of a country's merchandise imports for a year and dividing the total by the country's population (see Figure 3).

Figure 3. Value of Merchandise Imports Per Capita, Selected Countries, 1989
(U.S. dollars)



1 Data are for 1986.

Population data provide specific information about a country's population and how it is changing. The population of a country can increase for two reasons: because the number of people born is greater than the number of people who die, and because the number of people who move to the country is greater than the number who move from it. For almost all countries the first reason is much more important than the second.

The populations of developing countries are growing rapidly. The *population growth rate* provides information on just how fast that growth is taking place. Statisticians compute the population growth rate by comparing the number of people in a country at the beginning of a year with the number at the end of the same year. Then they express the increase in population as a percentage of the total population at the beginning of the year. Population growth rates often vary from year to year. Thus the average annual growth rate for a period of several years gives a better picture of how fast a country's population is growing (see Table 5).

When a country's population growth rate is known, it is possible to estimate how long it would take for that population to double if the growth rate were to stay the same.

- A population growing 3 percent a year doubles in 23 years.
- A population growing 2 percent a year doubles in 35 years.

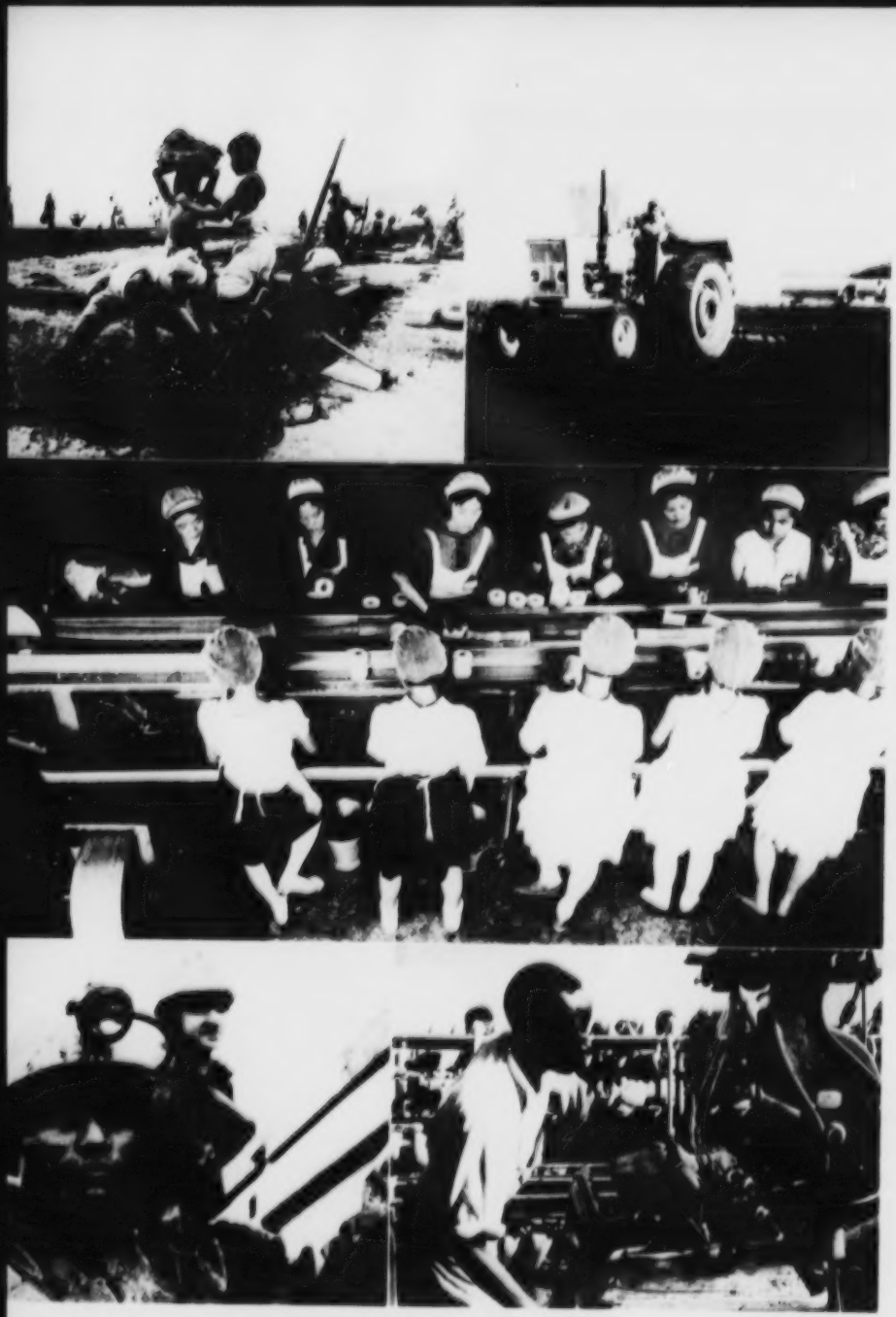
- A population growing 1 percent a year doubles in 70 years.
- A population growing less than 1 percent a year will not double for more than 70 years.

It is also possible to get a rough idea of how large a population might be in a specific year in the future. Such estimates are based on a country's current population, its growth rate, and some other data. These estimates show that the populations of all developing countries will be much larger in 2025 than they are today (see Table 3).

Table 3. Population Data, Selected Countries

Country	Average annual rate of population growth, 1980–89 (percent)	Population 1989	Estimated population, 2025
Malawi	3.4	8,200,000	27,000,000
Nigeria	3.3	113,800,000	298,000,000
Burkina Faso	2.6	8,800,000	23,000,000
India	2.1	832,500,000	1,350,000,000
China	1.4	1,113,900,000	1,597,000,000
Kenya	3.9	23,500,000	62,000,000
Indonesia	2.1	178,200,000	282,000,000
Bolivia	2.7	7,100,000	16,000,000
Egypt	2.5	51,000,000	86,000,000
Ecuador	2.7	10,500,000	19,000,000
Mexico	2.1	84,500,000	142,000,000
Malaysia	2.6	17,400,000	31,000,000
Brazil	2.2	147,300,000	236,000,000
Korea, Rep. of	1.2	42,400,000	53,000,000
Germany	0.0	62,000,000	57,000,000
United States	1.0	248,800,000	309,000,000
Japan	0.6	123,100,000	131,000,000
U.S.S.R.	1.1[a]	287,600,000	342,000,000[b]

a. Data are for 1980–85.
b. Data are for 2000.



Chapter Three

The Whys and Hows of Economic Development

Economic development is the process by which developing countries are improving the well-being of their people. Economic development involves changes—often far-reaching changes—in the way people make a living, in their habits and customs, in family and community relations, in attitudes and beliefs. But these changes must occur if more of the world's people are to escape from a life of poverty.

Industrial Countries—Developing Countries

Why is economic development necessary? Why are so many countries poor? Complete answers to these questions would have to take many factors into account—customs, history, natural resources, and social and political arrangements. But one way to answer them is to answer another question: Why are some countries rich?

For most of human history, conditions throughout the world were pretty much the same. Almost all people lived in primitive conditions, often suffering from hunger and disease. Infant mortality was high, life expectancy was low, and most people were illiterate. In every great civilization of the past the common people had to struggle just to feed, clothe, and house themselves.

Then, in the 1700s, a series of changes in Europe began to alter life for people there. Those changes led to the industrial revolution, and large numbers of people gradually shifted from work in agriculture to work in industry. But there were other big changes as well—in agriculture, in trade, in education, in public health, in scientific

knowledge, and in transportation and communications. With those changes, people in Europe began to produce many more goods and services. They became more productive. Some people became rich; many suffered and stayed poor. But over a period of three centuries the standard of living of most Europeans gradually rose.

The changes that occurred in Europe also took place in North America. By the early 1900s a large proportion of people on both continents worked in industry. Incomes

Lagos? Lahore? La Paz? No, this is London in the 1800s.

were going up, infant death rates were going down, and most people were getting a basic education. Millions of people enjoyed health and comfort that could not have been imagined in the 1700s.

Other parts of the world were largely untouched by the changes that swept Europe, North America, and later Japan. Even in the 1940s most people in Africa, Asia, and Latin America still lived as peasant farmers had lived since ancient times. Most people were poor and illiterate, and disease was widespread. Many countries on these continents had been colonies of industrial nations. Their

minerals and agricultural products had supported economic development in industrial nations. But few steps had been taken to improve living conditions in the colonies.

This situation began to change shortly after World War II. At that time many countries in Africa, Asia, and Latin America launched efforts to change their economies. There were a number of reasons for this change. One was the determination of those countries to become stronger economically and to meet the rising expectations of their people. More and more colonies were winning their independence. And in countries already independent, governments were becoming more concerned with the interests of more of their people.

A second reason was the growing awareness in Europe and North America of the widespread poverty elsewhere in the world. People in these countries began to recognize that their wealth gave them an obligation to help the poorer countries. So they began to provide money and expert advice. Since World War II countries in Europe and North America have provided hundreds of billions of dollars to assist African, Asian, and Latin American countries with their economic development. In recent years Japan and certain Arab countries have also provided large amounts of money and expert advice.

A third reason was the realization that industrial countries would benefit considerably from economic development in the rest of the world. People in industrial countries believed that they would have new opportunities in developing countries for setting up businesses and factories and for selling more of their goods and services.

Developing countries are now engaging in economic development. Thus they are making many changes to increase the ability of their people to produce more goods and services. They are being assisted by industrial countries, which have already made these changes. As a result of this joint effort, the living conditions of millions of people in developing countries are improving, and in some the gains are striking.

Growth and Equity

In all countries there are two related sides to economic activity—producing goods and services, and distributing them. All developing countries strive to produce more of the many goods and services their people need and want. This increased production is called economic *growth*. Many developing countries also want to distribute their increased supply of goods and services to more of their people, especially to their poorest people. This broader sharing of goods and services can be called economic *equity*.

Imagine that all the goods and services in a country are a pie and that people in the country get shares of the pie. In no country are the shares equal. The poor get small shares; the well-to-do get bigger shares. All developing countries want their pie of goods and services to grow rapidly. In other words, they want economic growth. Many developing countries also want the poor to get bigger shares and to catch up with those who are better off. In other words, they want to improve equity by changing the way the pie is divided.

Economic growth is achieved by making people more productive—that is, by increasing their ability to produce goods and services. *Increased productivity* thus is at the heart of economic growth. Economic equity is achieved by providing opportunities to the poorest people—opportunities to obtain work, education, health care,

Economic growth is the increased production of goods and services of all kinds.

and such basic services as water, sewers, and transportation. *Increased opportunity* thus is at the heart of economic equity.

In the 1950s and 1960s growth was much more important than equity. The idea was that if the economy was growing—if there were more roads, electric power, industries, and goods and services—everyone in developing countries would become better off. An increasing amount of goods and services would "trickle down" to the poorest people, and their living conditions would improve.

But it became clear in the 1970s that although some people in developing countries were better off, the living conditions of the poorest people were not improving. They did not have the skills needed for the new jobs that were opening up. Their incomes were not rising. They were not able to buy more goods and services. They were being left out. As a result, many of these poorest people remained sick, hungry, illiterate, and poorly clothed and housed.

Governments realized that the greatest asset of poor people was their ability to work. But governments also realized that the poor cannot take advantage of this asset if they are uneducated, untrained, or in poor health.

In the early 1970s, therefore, the governments of many developing countries began to pay more attention to assisting the poorest people so that they too would benefit from economic growth. Economic equity has since become increasingly important in economic development.

Since the 1970s more developing countries have made efforts to provide a bigger share of the pie to their poorest people.

Saving and Investing

What is needed for economic development? How can people become more productive and speed economic growth? How can opportunities be increased so that equity improves?

Two things are needed if economic development is to get started and then accelerate: *saving* and *investing*.

People, businesses, and governments in all countries spend most of their income on goods and services that are used up—or consumed—soon after purchase. Examples are loaves of bread, treatments by a doctor, electricity to light offices, and raw materials used in production. When people, businesses, and governments do not spend all their income on such goods and services, they are saving. When they spend those savings on such things as tools, machines, and training—which increase

Having invested in a potter's wheel, this woman in the Dominican Republic can earn money for her family by selling pots at a nearby market.

their ability to produce more goods and services in the future—they are investing.

In developing countries, however, it is difficult to save because there is so little income to start with. Most of it must be spent to meet daily needs. Of course, if

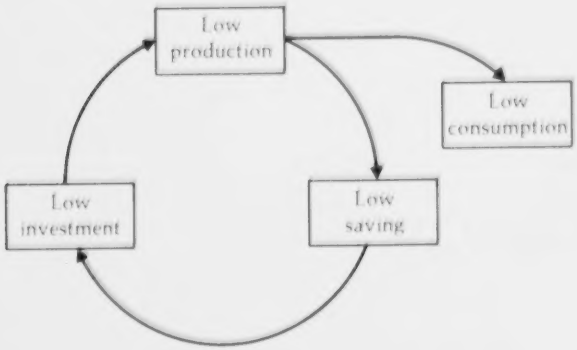
nothing is saved, there is nothing to invest. Yet without investing, economic development cannot take place.

There are many ways of investing. Farmers might use some of their savings to buy better tools or improved seeds for the next planting. Families might buy schoolbooks for their children. Businesses might buy new equipment and train workers to use and maintain it. Governments might build dams and roads, replant forests, or improve schools and health services.

Saving and investing make economic development possible. But many developing countries are locked in a vicious circle. Because the people do not produce much, they must consume all that they produce. That means they cannot save much. Since they do not save much, they cannot invest much. And since they do not invest much, they cannot increase their ability to produce more.

There are two things that developing countries can do to get out of the vicious circle. The first is for people,

Figure 4. The Vicious Circle of Poverty



businesses, and governments to save more—often, by getting rid of waste and inefficiency—and to invest their savings in things that increase their ability to produce more. The second is to get assistance from industrial countries. Getting that assistance has the same effect as increasing their own savings: it enables them to invest more. Developing countries are trying to do both.

Governments and the Private Sector

Private individuals and businesses in most developing countries do most of the saving and investing needed for economic development. They also produce most of the goods and services. They work in or own small and large enterprises—farms, banks, plantations, businesses, factories, trading companies, and retail stores. But the governments of developing countries also play important roles in economic development.

One of the most important things the government of a developing country does is to take the responsibility for big development projects. Using the money it collects from taxes and borrows at home and abroad, a government builds and operates many basic facilities that are needed to carry on business and make it possible for the economy to grow. These include roads for transporting workers, raw materials, agricultural products, and manufactured goods; electric power to run machinery; communications systems—radio, television, and telephones—to carry information long distances; ports to handle shipments to and from other countries; and schools, universities, and health centers to increase people's skills and improve their health. Governments usually assume the responsibility for constructing or setting up these important facilities and for making them available at affordable cost.

A second important role of government is to encourage economic activities that promote economic growth and, if it so chooses, economic equity. A government can do this in many ways. It could lower the taxes for factories that employ large numbers of workers or produce things for export. It could raise interest rates on savings accounts to encourage people to save. Or it could sell tools and seeds to farmers at low cost to help them produce more.

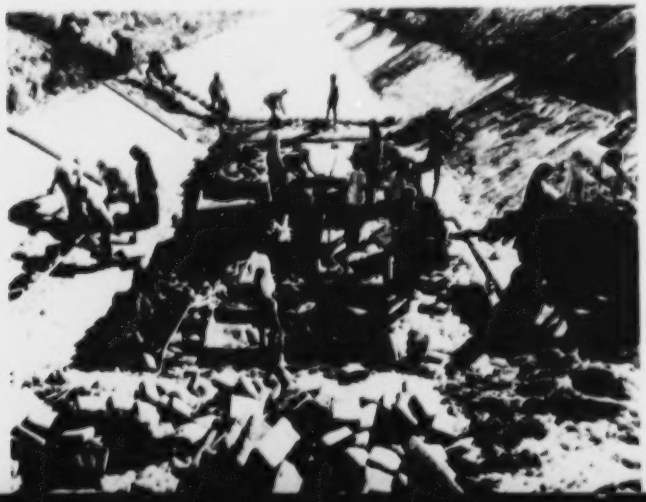
A third important role of government is to plan the development effort for the country as a whole. In most developing countries a special department of the government—the Ministry of Planning or the Economic Planning Board—has the main responsibility for plan-

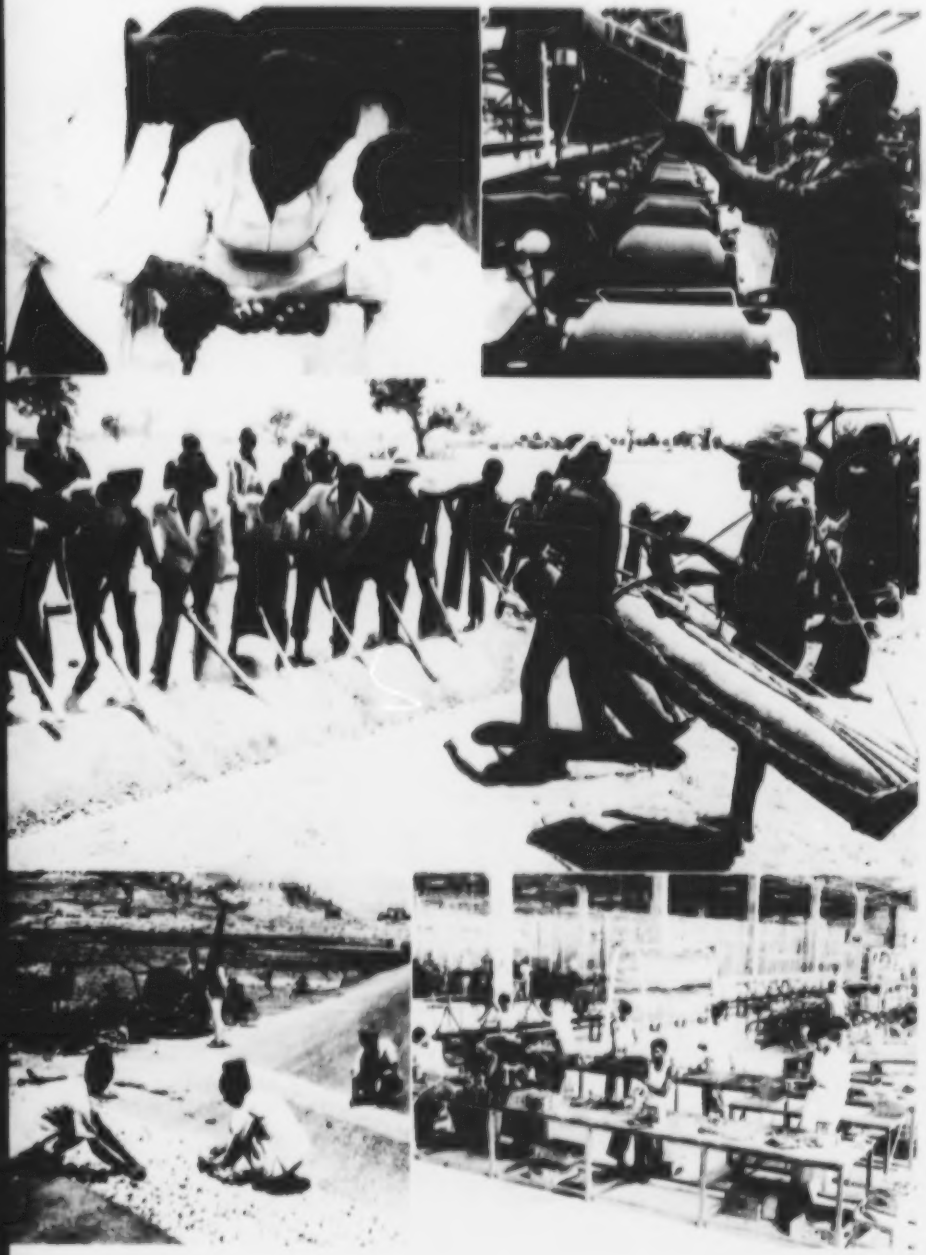
ning economic development. That department studies the resources of the country—the natural resources, the laws and institutions, the amount of physical capital, the skills of the people, and the amount of money that can be spent. It also studies what already is under way to advance economic development and what must be done in the future.

Because developing countries have so few resources and their needs are so great, hard choices must be made. What goods and services does the country need most? To meet those needs, what should be done first? Second? Third? What can be put off? How will economic changes affect social and political life? On the basis of the studies by planning officials, a plan is drawn up to guide economic development in the country for a period of, say, five years. The plan states the aims for that period and provides guidelines for achieving them.

By taking responsibility for large development projects, making sure that government actions encourage economic growth, and planning for economic development, governments of developing countries provide leadership to the private sector and create the conditions for doing business. Individuals and private companies, in turn, have key roles to play in economic development as they save and invest money, conceive new and innovative marketing ideas, and take the risks of setting up and running new businesses.

Governments often take responsibility for big development projects, such as building this canal in India.





Activities of Economic Development

Some developing countries have already come a long way on the road to economic development. Others are just getting started. To advance economic development, developing countries engage in several basic activities, which are described in this chapter.

- Increasing physical infrastructure
- Increasing industrial production
- Increasing agricultural production
- Increasing foreign trade
- Educating and training people
- Assisting the poorest people
- Slowing population growth

The emphasis given to each of these activities differs from country to country. And because of the scarcity of money and trained people, no developing country can do all that it wants to do. Each country must make choices, and those choices reflect the way a country perceives its most pressing needs.

Economic development changes people's lives. It disturbs human relationships. It challenges values. It compels people to make new choices and take new risks. This chapter includes brief accounts of individuals affected by economic development. Each account asks readers, What would you do if you faced some of the changes that economic development brings about?

Increasing Physical Infrastructure

A developing country must do many things to provide the groundwork for economic development. It must improve its transportation system, increase its electric power supply, extend its telecommunications system, and provide more facilities for supplying water and removing wastes. These things are called *physical infrastructure* and are usually built and operated by the governments of developing countries. Generally, the government charges user fees to help repay the cost. Such physical infrastructure is an important part of every country's physical capital. Without the right kind and amount of physical infrastructure, many development activities, including those in the private sector, cannot take place.

On the basis of a study of its present and future transportation needs, a developing country improves old facilities and builds new ones. It might construct a new highway linking the countryside to a port on a river,

Roads are the principal means of bringing economic development to rural areas of developing countries.

lake, or sea. It might improve roads between its main cities. It might pave some roads that lead from villages to market towns. It might modernize ports by digging channels, putting in cargo-handling equipment, and enlarging docks and warehouses. It might also decide to modernize its railroads and build more airports. All these things are necessary to move produce to markets, raw materials to factories, workers to their jobs, and manufactured goods to places where they can be sold.

As cities grow and industries expand, more electricity is needed for running machines and for lighting homes, workshops, and factories. So, developing countries must improve and expand their facilities for producing and distributing power. Some developing countries are building dams to provide hydroelectric power. In rural areas power lines have been extended to supply electricity to houses, shops, and workshops in small towns and villages. Developing countries are working hard to meet their energy needs in ways that are both affordable today and sustainable in the long run.

This telephone cable is being laid to carry information needed for development activities of all kinds.

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The physical infrastructure of developing countries also includes systems for communicating—by telephone, telegraph, radio, and television. These systems must be strengthened to carry the information that is needed for economic activity of all kinds. Telephone exchanges need to be expanded to handle many more calls. Local and long distance lines need to be extended. And because radio and television are increasingly being used for education and training, developing countries are improving their facilities for broadcasting.

Developing countries are also improving their systems for supplying water and removing wastes. This is important not only for health and sanitation but for modern manufacturing as well. The movement of people from rural areas to the towns and cities of developing countries has strained these facilities. So, the governments of developing countries are building pumping stations, storage reservoirs, and treatment plants. In rural areas, wells are being dug and pumps are being installed so that women and children do not have to spend so much time carrying water long distances.

In undertaking all these activities—building roads, dams, ports, communication networks, and more—developing countries must make some hard choices. People may have to be relocated, trees cut down, or farmland lost. Countries must plan these development activities carefully so that the costs are low and the benefits are high, both for now and the future.

What would you do if . . .

. . . you were a woman living in a village of 2,000 people in the foothills of the mountains of central Java, the most densely populated island in Indonesia? You have spent all your life in the rolling countryside, where rice is grown all year round in terraced fields.

Your husband owns a half hectare (about one acre) of land. Here your family grows the food you eat and some fruit and rice that can be sold at the market in a nearby town. You often work in the fields with your husband.

So do two of your sons and a daughter, who also sometimes work as day laborers for other farmers. The two younger children are still in school, but the little girl will soon stop because you cannot afford to pay both of their school fees. Besides, she will be able to do some of the work once done by your eldest son, who recently went to Jakarta, the capital city.

Your village takes part in the country's Village Development Program. Under this program the government provides your village with some money to help make improvements that otherwise could not be made. The

village council decides what improvements will be made each year and uses that money to buy the materials needed. Then people in the village volunteer to do the work. Last year they rebuilt a bridge at the entrance to the village.

The village council is now trying to decide what it should do this year. Your husband is a member of the council, and he has been talking with you and your neighbors about possible projects. Several have been proposed, but the choice has narrowed to two.

One is to improve the road that leads to the market town.

Part of it has to be surfaced with gravel and crushed rock so that cars, trucks, and buses will be able to use the road when the rains are heavy. The village council would use government money to buy several truckloads of rock and gravel, which the men of the village would spread out. A government engineer would show them where to make drains along the side of the road.

There are advantages and disadvantages to having the road improved. You would be able to get to the market town even during the rains to go to the new health center. You have tuberculosis, as do many others in your village, and you must go regularly to the health center to get medicine. But the road is a painful symbol to you. You often watched your eldest son head down the road to the market town. It was there that he first heard about life in Jakarta, where he finally went to live. You do not want your other children to leave your village. The road is temptation enough now; the temptation would be even greater if the road were better.

The other project is to improve the system that supplies water to the two taps in the village. The storage tanks at a nearby spring are leaking and need to be rebuilt. Covers have to be installed on the tanks to keep the water from becoming polluted. The pipes carrying water to the taps leak badly. So do the taps, which have to be relocated because the muddy area around them is a breeding ground for mosquitoes. With the money from the government, the council would buy new pipes, new taps, and cement for the storage tanks and covers. A government engineer would supervise all the work.

This project has advantages and disadvantages, too. Clean water would reduce the intestinal disorders that affect everyone in the village. But you are worried about having the taps moved. You fill your water jug at the tap near your house every morning. Your friends are there at the same time, and you talk and exchange news with them. You are afraid that all this might change if the tap were moved to another place in the village.

Today the village council is going to decide which project to undertake this year. Your husband has asked your opinion. What would you do?

Increasing Industrial Production

There are three main reasons a developing country wants to increase industrial production. The first is to produce the manufactured goods that its people need. The second is to produce goods for export to other countries. The third is to provide regular jobs for its vast number of unemployed and part-time workers.

But to increase their industrial production, developing countries must increase their physical capital—the tools, machines, and factories needed to produce manufactured goods. They also must increase their human capital—the skills of their workers.

When a developing country begins to industrialize, it sets up factories that require only a small amount of capital. These factories produce some of the goods the country has been importing. They might process farm products into food items, such as dried milk, bottled drinks, and canned fruits and vegetables. Or they might

Developing countries want to produce consumer goods that previously they had to import.

As developing countries gain experience, they can set up more complex operations, such as this foundry in Ghana.

produce construction materials, such as bricks, lumber, and cinder blocks. Or they might make consumer goods, such as cloth, clothing, shoes, furniture, metal pots, and flashlight batteries.

Another kind of industry that springs up as a country develops is assembly work. Plants are set up for assembling finished products from parts that are imported from industrial countries. Such products include refrigerators, calculators, radios, bicycles, motor scooters, and trucks.

As the skills of workers increase and a country imports more capital, it is possible to manufacture more complicated products. For example, India now manufactures generators, textile machinery, and other industrial equip-

ment, both for use in the country and for export. Korea, in addition to producing these same items, manufactures stereo equipment, television sets, and tools for making machines.

Many developing countries have set up factories to change raw materials into products that can be used by other industries, whether in the country or abroad. Some countries have built mills to process iron ore into steel and smelters to extract tin and copper from ores. Some have built petrochemical plants to process crude oil into gasoline or natural gas into fertilizer. And some have built sawmills to make timber into plywood and other lumber products. All these plants require much more capital than is required for processing food and for making consumer products and building materials.

Naturally all these factories provide much-needed jobs. One problem, however, is that most factories are set up in towns and cities. That is where they can find most of the services they need—water, electricity, and the offices of banks, trading companies, and government agencies. To create more jobs for unemployed and part-time workers in rural areas, many developing countries are beginning to set up small factories in the countryside. In addition to providing jobs, these factories help to reduce the movement of people to the cities.

A related problem is that these factories use up natural resources, such as minerals, water, trees, and crude oil, and produce waste materials and unwanted side effects—for example, slag, dirty water, petroleum by-products, and deforested areas. To plan their growth well, countries must be sure that the cost of running the factories includes the cost of renewing or replacing the natural resources and of cleaning up the waste materials.

Another problem is that most of the machinery for these factories is imported. Such machinery has been designed for use in industrial countries, where capital is abundant and most workers are employed. Conditions in developing countries are just the opposite: capital is scarce, and many workers need jobs. For these reasons many developing countries are trying to adapt industrial machinery so that many workers are needed to run it.

What would you do if . . .

. . . you were a successful businessman in San José, Costa Rica? You sometimes smile when you remember the morning when you first arrived in San José after the long bus ride from your village. Was it really so long ago? Your family had farmed in that village as long as anyone could remember. It was a hard life: long hours in the fields, long hours hauling irrigation water up from the well. Working together, you and your father and brothers raised only enough food for your family.

When you finished eighth grade in your village, your parents sent you to live with your uncle in San José so that you could continue school there. You were scared when you started at the trade school. But motors had always interested you, and you liked learning more about them. When you finished your training as an auto mechanic, you set up a small repair shop in a shed near the school. Things went well for you, and soon you rented a shop next door to one of the big hotels.

There was nothing special about repairing the car of two foreigners that day twenty years ago. But when they came back to San José a year later, they asked you to become an agent for their company. They wanted you to sell and repair their tractors throughout Costa Rica.

Soon you were traveling in your truck all over Costa Rica, showing farmers how to use tractors. After you sold a tractor, you returned every once in a while to service

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and repair it. Before long you had ten employees, then twenty. You moved into an office with a salesroom. By then you had become a leading businessman in San José.

Through the years you always sent money back to your family. When electricity came to your village, you bought a pump for your father and installed it in the well on his land. The pump ended the back-breaking work of hauling irrigation water up from the well. But more important, more water meant more food. Soon your family was eating more and selling surplus tomatoes. Their neighbors saw the difference the pump had made and wanted pumps too. So you installed them for what they cost you. Soon after many farmers in your village were producing tomatoes for sale in San José.

Last week your brother came to San José to tell you that this year's crop had been the best ever. But many farmers in the village had to let many of their tomatoes rot because no more could be sold in San José. Your brother said that people were planning to cut back on their tomato planting.

You would like to help. With your money and connections, you could set up a cannery to make tomato juice in the village. You could build a shed, install tubs and canning equipment, and have your brother manage the operation. The cannery would use all the tomatoes the farmers could grow, and some of the unemployed men and women in the village could work there. Perhaps you might one day export tomato juice to the United States.

But if you invested your money in a cannery, you would have to pull out of another venture in San José. You and some other business people have recently talked about starting a new vocational school. An architect has designed a building, and you have interviewed several people for the job of director of the school. You are proud of the reputation you enjoy in San José, and the vocational school is something you could do to help people in your adopted city. So many people in Costa Rica need vocational training. You know what a difference it made in your life.

Tomorrow you and the others plan to meet to continue your discussions. What would you do?

Increasing Agricultural Production

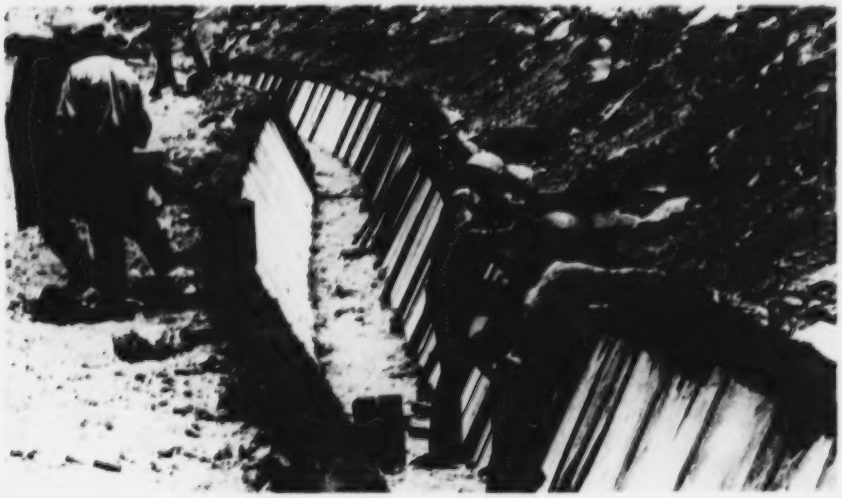
Activities to increase agricultural production have always been important in economic development. There are two reasons for this. First, most developing countries do not produce enough food to feed their people adequately. As their populations grow, the need for food becomes even greater. Second, increased agricultural production can raise the incomes of poor farmers and provide jobs for unemployed or part-time rural workers.

Advice to farmers can make the difference between a good crop and a poor one, between a better future and a bleak one.

How can agricultural production be increased in developing countries? One important way is to persuade farmers to adopt new farming methods. Many farmers in developing countries use the same methods that their fathers and grandfathers used. With these methods they can produce only enough to feed a single family. To help change this, the government trains and pays extension workers who work with farmers to develop new methods that are more productive.

Farmers may begin with simple but effective methods

that do not cost any money: using better techniques to prepare the soil, planting seeds in rows, weeding fields in ways that do not damage the crops. As crop yields increase and farm incomes rise, farmers may invest in tools, fertilizer, and better seeds. And if the soil is suitable, farmers might plant another crop between the rows of their usual crop. Because the crops ripen at different times, a field can produce much more than before.



Irrigation systems, such as this one being built in Peru, can help farmers get two harvests a year instead of only one.

Other important ways of increasing agricultural production are to build irrigation systems, to provide loans to farmers, and to pay farmers a good price for their produce. With a regular water supply there can be two growing seasons a year rather than one. With loans from special banks set up with government support, farmers in many developing countries can buy more seeds, fertilizer, and farm tools. And if farmers get good prices, they will work even harder to produce food not just for their families but to sell at market as well.

Agricultural production can also be increased by using more land for farming. In Thailand, for example, the government offered land at low cost to farmers who

These dairy farmers in India can sell all their surplus milk now that their cooperative has invested in refrigeration equipment.

agreed to settle in an area that had not been farmed. And in Malaysia new farmland was created by clearing forest areas. But these solutions involve making some hard choices and answering some difficult questions about what is best for the country in the long term. Will the forestland make good farmland in years to come? What effect will cutting large numbers of trees have on the country's environment and its economy?

Yet another way of increasing agricultural production is to make farmers owners of the land they till. Many farmers in developing countries must work as tenant farmers on land owned by wealthy landlords. If such farmers increased their production, the landowners, not they, would benefit. The governments of some developing countries have purchased land from people with large landholdings and have sold it at low cost to the farmers who work it. Such steps, called "land reform," give farmers an incentive to increase their production.

Thus, to increase agricultural production, developing countries often need more physical capital—more tools, irrigation systems, and farm machinery. They also must

By using fertilizer and improved seeds, rice farmers in many parts of the developing world are now getting bigger harvests.

try to increase their human capital—the skills of the farmers who cultivate the land.

What would you do if . . .

. . . you were a seventeen-year-old boy living in the Philippines, about fifty kilometers (thirty miles) west of Manila, the capital city? Your father rents a farm of two hectares (five acres) and grows rice. Everyone you know does the same thing year in and year out—planting, weeding, harvesting, and waiting to start planting again.

There are ten in your family, and you all live in a three-room house made of cement blocks. You and the younger children sleep on mats on the floor of the big room. Your parents have a small sleeping room of their own; so do your older brother and his wife and baby. An older sister lives in Manila with her husband. In a small shed attached to the side of the house your father runs a shop for selling supplies to farmers.

When your parents were younger, they lived in a

house made of bamboo. In those days they could grow only one crop of rice a year on their land. After they gave the landlord the half that was due him, there was just enough left to feed the family, with a little saved for seeds for the next planting season. To get more money, your father sometimes sold the fish he caught in the flooded rice fields, or your mother sold some vegetables from her garden.

Then your parents heard about some new seeds that produced more rice but needed expensive fertilizer. They decided to borrow some money to buy the seeds and fertilizer and tried them out on part of their land. Sure enough, the harvest from that part was much larger than that from the rest of the farm. Each year after that, they planted more land with the new seeds. And each year the harvest was larger. Then your father got a loan from a bank and bought a pump. By pumping water onto the farm, he could grow a crop in the dry season as well as in the rainy season. Two crops of rice a year! Your parents' eyes still light up when they tell you about the first year that happened.

After a while your parents had saved enough money to build the house you now live in. And a few years after that, they opened the store, where you still enjoy listening to conversations between your father and other farmers. Mostly they discuss how things have improved for them over the years and what their plans are for the next planting season.

Your parents kept you in school through the eighth grade, even though they found it difficult to pay your school fees and needed your help in the rice fields. You had to stop to give the younger children a chance to get some schooling too. Now you have more time to help your parents, and sometimes you earn some money working as a day laborer for your neighbors.

Recently your village began to take part in a program sponsored by the Department of Agriculture. As part of the program, boys with a primary education and experience in farming are trained to be extension workers. You know a lot about farming—things that you learned from your father, from other farmers, and from an extension

worker who comes to your village from time to time. And you have been told that you would be accepted into the training program.

If you were to become an extension worker, you would have to leave home to attend a new agricultural high school in the capital of your province. You would live in a hostel there, and you would be paid enough to live on during the two years of training. After finishing, you would be paid a regular salary for your work in villages throughout the province. Then you would be able to send money home so that your younger brothers—and perhaps even your sisters—could continue in school.

This is the first time you have thought about leaving your village. You have always expected to be a farmer like your father, and you know your parents are counting on you to take more responsibility for the rice fields and the store as they get older.

But you sometimes worry about sharing your father's land with your brothers when you all are adults. How can only two hectares of land provide enough food for the families you will someday have? Of course, you might do well enough to rent some other land. Or one of you might go to live with your sister and try to find work in Manila. But it still would be difficult.

Soon you must decide whether you will enroll in the training program. What would you do?

Increasing Foreign Trade

By increasing its foreign trade, a developing country can do two important things it could not otherwise do. It can buy from other countries more of the goods and services it does not produce itself. And it can sell more of its own goods to other countries in order to pay for the things it imports. Increasing foreign trade thus is important for economic development.

As economic development continues, a developing country must import many more of the things it needs but does not produce itself. To build physical infrastructure, it needs capital equipment—cranes, trucks, bulldozers, locomotives, and generators. To spur industrial production, it needs fuel, machinery, and office equipment. To spur agricultural production, it needs fertilizer, seeds, and irrigation pumps. And as development progresses and incomes rise, the people of a country want more consumer goods, many of which must be imported—radios, electric fans, motor scooters, automobiles, and so on.

A developing country must import the things it needs but does not produce itself.

To pay for additional imports, developing countries try to do two things. First, they try to increase their exports to other countries. Second, they try to produce more of the food products and consumer goods that they have been importing. By doing so, they can import more of the capital and other items needed for economic development.

The exports of most developing countries consist mainly of a few agricultural or mineral products. Some developing countries export tea, coffee, or cocoa. Others export bananas, coconuts, or citrus fruits. Still others export rubber, cotton, or vegetable oil. And those with mineral deposits export oil, bauxite, phosphate, iron ore, or copper ore. The problem with relying on one or two basic exports is that if the price of the product goes down, the developing country makes less money. Thus it must reduce its imports.

That is why developing countries are trying to increase the variety of their exports by producing manufactured goods. The products a developing country can manufacture for export are often made from its natural

By processing raw materials, a developing country can increase the value of its exports and provide more jobs at the same time.

resources. In addition to exporting logs, Colombia now exports paper, greeting cards, furniture, and flooring materials. In addition to exporting cotton, India now exports woven textiles and clothing. In addition to exporting rubber, Malaysia now exports tires, inner tubes, and rubber boots.

Exporting manufactured products requires a great deal of capital and technical knowledge. Both are scarce in developing countries. To overcome this scarcity, a company in a developing country might enter into a contract with a foreign firm. Under that contract, the foreign firm would normally provide the capital and technical know-how for building and operating a factory and for transporting and selling the finished products. The company in the developing country might provide the land for the plant, the building materials, and the workers.

What would you do if . . .

. . . you were a businesswoman operating a tannery in a town in Uruguay? You grew up in Montevideo, where you attended the university and studied economics and business administration. After graduation you married a fellow student and went to live in Paysandu, a few hundred kilometers to the north. Your father-in-law had operated a tannery there. Your husband became his partner and took over the business after his father died.

Life in Paysandu was much quieter than it was in the capital, and you missed your family. But you enjoyed learning about the operation of the tannery. You often accompanied your husband on his trips to ranches, where cattle were slaughtered and hides were prepared for shipment to the tannery. The tannery seemed noisy and smelly to you at first, but the process of cleaning, soaking, and stretching hides fascinated you.

After your children were born, you stopped traveling with your husband on business, but you often discussed his work with him. He relied on your judgment, partly

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because of your knowledge of business practices, partly because he felt you had such a good business sense. Then, about five years ago, he was killed in a car accident. That tragedy left the business in your hands, and soon you were absorbed in its daily operations.

For three years the business went well, but then your regular customers began to cut back on their orders. The tannery had always relied on sales to these firms, which processed hides into leather products for sale in Montevideo. It was difficult to find other customers during the past two years, but you found enough to keep the business afloat. You know, however, that selling hides will become more difficult in the future because of competition from other tanneries.

There are two things you can do. First, you could enlarge the business and begin to produce leather products for export. The government of your country has been encouraging companies to produce more exports. It charges lower taxes to companies in the export business, and it provides those companies with various kinds of help.

You have been thinking about building a factory beside the tannery—a factory that would produce suede jackets

for expert. To build the factory and pay for the machinery, you would have to borrow a lot of money. You would have to hire someone to design the jackets and supervise production. You also would have to hire and train more workers. And you would have to find a trading company that would sell your jackets in other countries.

To explore this venture further, you recently went to Montevideo to find out from officials of the Ministry of Industry about the help they might give you in setting up the new factory. You learned that they would help you get a loan to build the factory and buy the machinery. They would also provide experts to help you figure out all the steps in production and to train the workers you need. And they would recommend companies that could help you to market your jackets in other countries.

The assistance offered by the Uruguayan government makes you feel less anxious about the risks of expanding your business. If you were successful, you might someday expand the factory further and produce many other kinds of processed leather goods. You would like to do this because you know that many people in Paysandu need jobs. You would also like this for your husband's sake—to take his place as a leader of the business community. All very attractive, but you still would have to put up most of your savings to get the venture off the ground. Would it be worth it?

The other thing you could do is sell the tannery. You would not have to worry about whether the business would succeed and whether you would be able to repay the loan. Instead, you could return to Montevideo: your children would like to be near their cousins, and you would like to be near your elderly parents. You would have enough money to live comfortably and to send your children to college in Europe or the United States. But you would also like to find work that is as challenging as your work at the tannery. Although you know many business people in Montevideo, you are not sure that any of them would hire you.

You must soon decide between selling the tannery or expanding its operations. What would you do?

Educating and Training People

If a country is to develop its economy, it must have many people with a basic education and with practical skills. It needs people who can read instructions and keep written records. It needs people who know how to build and maintain roads, dams, and harbors. It needs people who can install, operate, and repair industrial machinery. It needs people who can run businesses and conduct scientific and economic research.

If a country is to develop, then, it needs more typists, plumbers, carpenters, electricians, accountants, engineers, economists, business managers, and many other skilled people. But there are too few such people in developing countries. By educating and training individuals, developing countries are increasing their human capital—one of the major tasks of economic development.

Education systems in many developing countries were set up during colonial times to train people for work in business and government. Thus, most schools were in cities and were largely designed for the needs of the well-to-do. As a result, there are often too few schools

When developing countries invest in education and training, they are investing in their most abundant and valuable resource—people.

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In addition to educating young people, developing countries are helping adults gain new skills and knowledge.

in rural areas, and many are poorly equipped. There also are too few institutions that offer vocational training.

It is difficult—and expensive—to transform the education system of a developing country so that it can better meet the needs of the country and its people. To bring this change about, developing countries are building new schools, especially primary schools in rural areas and urban slums. They are building and operating training institutions to produce more teachers with good qualifications. They are developing new course materials and inexpensive textbooks that students can afford and that are relevant to their lives. They also are setting up vocational schools, research institutions, and agricultural training colleges to train students for jobs in commerce, industry, and government. In more and more countries parents are being encouraged to keep their daughters in school, and more vocational training programs are being developed for women.

School enrollments are soaring in all developing countries. But millions of students must drop out after a few years, and millions of others cannot afford to attend school at all. Perhaps they live too far from a school. Perhaps they must work to contribute to the meager income of the family. Or perhaps their parents cannot

afford to pay school fees—even though these may amount to only a few dollars a year.

Developing countries are now paying more attention to the needs of those who are too old to attend school. To increase the skills of adults, literacy classes are being conducted in urban slums and remote villages. Rural women are learning about nutrition, family planning, and general health care. Many businesses in developing countries run training programs for their workers. And because many people own radios or perhaps have access to a television, many developing countries are producing and broadcasting programs that can transmit useful information and skills.

To provide all these services, developing countries are spending billions of dollars each year. The skills and knowledge gained by many people in developing countries are enabling them to become more productive and preparing them for new opportunities. But people who are better trained and better educated also have higher expectations. If they are farmers, they want to increase their production or to find other kinds of work in rural areas. If they live in cities, they want jobs in banks, businesses, factories, or government agencies. Education and training must go hand in hand with improved employment opportunities.

What would you do if . . .

. . . you were a fifteen-year-old girl living in a small village on the altiplano, a high plain in the mountains of Bolivia? Your village is a couple of hundred kilometers north of La Paz. You have never been to the capital city, but you have heard villagers talk about the long bus trip that starts at dawn, winds down the mountains, follows the shore of Lake Titicaca, and ends at midnight in La Paz.

By working hard and long, your family manages to have just enough to eat. Your parents and two older brothers work most of the day in the potato fields. For as long as you can remember, you have helped your

mother carry water from the well, sweep the house and yard, and peel and cook the potatoes. You also help her to spin and weave the wool from your sheep and llamas so that you can make blankets, ponchos, and clothes for the family.

On Saturdays you usually go with your parents to the market in the square near the church in Ayata, a town eight kilometers (five miles) away. There you buy some necessities—soap, matches, sugar, and salt. Sometimes, when there is spare cash, your father can buy beer, cigarettes, and batteries for the radio. Sometimes your mother sells her weaving.

Like the other girls in the village, you started school when you were nine. Most of the boys started when they were seven. You remember the hard wooden benches and the cold one-room schoolhouse that your father and the other men of the village built, the one your little sisters now attend. You remember the teacher who talked to you in your own language but taught you to read, write, and speak in Spanish. Your teacher told you that you were good at Spanish and at arithmetic and writing, too.

When you finished the third grade, you were sent to the school in Ayata. So were twelve boys from the village

and your girlfriend next door. But your girlfriend had to drop out after a year because her parents could not afford to pay her school fees any longer. It was cold as you walked the eight kilometers to school each morning. But it was beautiful coming back in the afternoons, when the air was clear and the glistening snow on the mountaintops was pink and gold.

Now you have finished the eighth grade, the first girl from your village ever to do so. Your parents want you to continue your schooling in La Paz. You could live with an uncle and aunt whom you have never met. With a high school diploma and your knowledge of Spanish and your own language, you might become a secretary or a primary school teacher, or you might get additional training and become a nurse.

To go to La Paz would be expensive. You would have to pay school fees, buy schoolbooks and uniforms, and give some money to your aunt and uncle for food. You would also need some money for bus fares so that you could come home to visit during holidays. Your parents tell you not to worry about the money. They can manage, they say, and in a few years you could be earning more in a month than they do in a year.

But you do worry. You know that your family would have to sacrifice a lot. You also know that your two younger sisters might not be able to go beyond the third grade—at least while you were in school. If you did get more schooling, you could help your family. But that would be many years away. And what if you did not do well in school or did not find a job when you finished?

Then there is the boy you have been fond of since you were a child. He wants you to stay in the village—to marry him one day, have many children, and live as your parents live. You would weave ponchos and blankets, work with him in the fields, and care for your children. You would attend the festivals and go each week to the market in Ayata. You would be around people you have known all your life.

The time has come for you to make a decision. Your parents tell you that the decision is yours. What would you do?

Assisting the Poorest People

More than a billion of the world's people live in absolute poverty. They are not just relatively poor, when compared with those who are better off in their own countries and elsewhere in the world. They are absolutely poor because they cannot meet their basic needs as human beings—for food, water, shelter, education, health care, and productive work. Most of them live in rural areas, but a growing number live in urban slums.

In the 1970s it became clear that economic growth alone was not reducing absolute poverty. So the governments of many developing countries began to aim the activities of economic development more toward their poorest people. Doing this makes good political sense because it helps to narrow the gap between rich and poor. It makes good economic sense because the entire country benefits from having its people healthier and better educated—and therefore more productive. And it makes good environmental sense because the poorest people, in their struggle to survive, may use up natural resources—for example, when they must cut more and more forests and natural vegetation to get fuelwood.

Because so many of their poorest people are rural, developing countries are putting more emphasis on increasing agricultural production, especially that of small-scale farmers. In this way, new jobs have been created, and farm incomes have risen. To provide additional employment opportunities to the rural unemployed, developing countries are setting up small-scale industries in the countryside. Examples are boatyards, textile mills, and workshops.

Because so many people in cities live in absolute poverty, developing countries are trying to improve living conditions in urban slums. Most slum housing is built by squatters—people who settle on unoccupied land and build simple houses using tin sheets, mud bricks, discarded lumber, and cloth. To improve the quality of housing, some developing countries are offering durable building materials to slum dwellers at low cost. Others are building low-cost housing in slum areas. Almost all

developing countries are building sewers, installing water taps, and paving roads and footpaths in slum areas. They are also extending their systems of public transportation by operating regular bus services for slum dwellers. And to provide more employment opportunities to the urban unemployed, new industries and vocational training centers are being set up in poor areas.

Because the poorest people lack education and health care, developing countries are taking steps to provide more of these services in areas where poor people live. More schools are being built in the countryside and in urban slums, and more teachers are being trained to teach in them. In addition, adults are attending literacy classes, and women are learning about family health care and nutrition. The number of health clinics that serve the absolute poor is also increasing, and more health workers are being trained to work among the poorest people.

Despite these efforts, it will be many decades before most of the poorest children have an opportunity to attend school and receive good health care. It will be many decades before most of the poorest adults have

Once built, this canal will bring water to people in Peru.

opportunities for productive employment. And it will be many decades before most of the poor live in decent surroundings.

What would you do if . . .

. . . you were a sixteen-year-old boy living on the outskirts of Ouagadougou, the capital of Burkina Faso? You have lived there for only two years, so the village where you once lived is still clear in your mind. You remember watching your mother scratch the dusty soil around the millet plants, stir the pot over the fire, carry the baby on her back, milk the thin cows, and care for your blind grandfather.

You also remember the day your father came back to the village from Ouagadougou to take your family to the city. He had gone there to find work after a drought went into its third year and there was almost nothing left to eat in the village. He found a hut in a squatters' settlement and repaired it. He said that many other people in the settlement spoke your language and that you would not be lonely.

And you remember how he led all of you to your new house through a maze of narrow, dusty lanes lined with mud houses. Surrounded by hundreds of others just like it, the hut was smaller than the one you had left. But at

least there was a shed for cooking, a small space for a garden, and a pen for animals.

You now feel at home in Ouagadougou. Even though the surroundings are ugly, life is easier than it was in your village. Your father works as a night watchman. Your mother sometimes earns a little money when she can do housework in the city. But most of the time she must take care of your younger brothers and sisters and your grandfather.

For a while you had a job carrying mud in a basket from the bottom of a nearby gully to a neighbor who was making bricks. But your neighbor finished making bricks a couple of months ago, and you have had no job since. Now and then you earn a little by running errands for shopkeepers, but you haven't been able to find a regular job. When you had your job, your family had enough money to pay for food and to buy water from a water vendor who comes to your part of the settlement each morning. But it has been tougher for all of you since you lost your job.

A few weeks ago, some government officials held a meeting in your neighborhood. They said that the settlement you live in would be improved. New roads and footpaths would be laid out. Ditches would be dug to carry away rainwater and sewage. And pipes would be installed to bring clean water to some central points. The officials said that your father could get a loan to pay for materials to improve your house: to add a room, install a tin roof, or replace the mud floor with cement. Your father would find it difficult to pay back the loan, but he thinks he can manage if you get a job.

Since coming to Ouagadougou, you have heard people talk about Abidjan, the capital city of neighboring Côte d'Ivoire. Two days away by train, it is a much bigger city than Ouagadougou. People say that there are more jobs there and in the countryside nearby. The older brother of one of your friends recently sneaked onto the train and went to Abidjan. Your friend suggested that you and he might do the same thing. If you went to Abidjan, you might earn more money than you can earn in Ouagadougou. And if you could send some money

back to your family, they would be better off than if you were to stay in Ouagadougou.

Your friend wants to go to Abidjan right away. What *would you do?*

Slowing Population Growth

It is difficult for the governments of developing countries to persuade people to have smaller families. For many couples a large family is a symbol of success, wealth, and prestige. In addition, children help with farming and household chores, and they often earn money by working away from home. The more children there are in a family, the more money a family can earn—or so the argument goes. And by having many children, parents can be sure that they will be taken care of when they are old and unable to provide for themselves. But as long as families in developing countries continue to be large, it will be difficult to improve living conditions.

What can developing countries do to reduce population growth? A successful program of economic development helps. As incomes rise, fewer children are needed to work and to add to family income. As health care improves and infant mortality goes down, parents do not need to have so many children to make sure that some survive. As women become better educated and have wider opportunities, they marry later in life and have fewer children. For all these reasons, couples begin to want fewer children.

Many developing countries offer services to help couples plan their families. Doctors, nurses, and other health workers inform their patients about family planning services. Family planning workers meet with people in clinics and homes to explain how couples can space their children and have a baby every three or four years rather than every year. Health workers who travel on bicycles or motor scooters to remote areas often provide family planning services along with general medical treatment.

The message of this poster is clear. Large families need more food, clothing, housing, and other essentials than small families.

Some developing countries have started programs that encourage couples to have smaller families. China, India, Korea, Egypt, Thailand, Singapore, and Indonesia are examples. In such countries, films, posters, billboards, and radio and television programs urge couples to "Stop at Two" or to "Plan Your Family." National leaders express their support for small families. And government departments conduct research to find out what methods of family planning are most acceptable in the country and how to provide family planning services most effectively.

In these same countries high school students are taught about the advantages of having small families. They learn that a family can spend more on education and health care if there are fewer mouths to feed. They learn that young people from families with two or three children have greater opportunities than those from families with eight or ten children. They also learn that their

country will be better off if families are small.

But developing countries must do much more to reduce their rates of population growth. Without greater effort, the task of economic development will be much more difficult in the future than it has been in the past.

What would you do if . . .

. . . you were a thirty-year-old woman living on a small farm in central Kenya? You were married when you were fifteen, and you have had ten babies. Like most women you know, you feel that you are always either pregnant or nursing a baby. But you always expected life to be that way. You and your husband take pride in having many children. You know that the more children you have, the more you will be respected by your neighbors. You will probably have two or three more babies.

Eight of your ten children are still alive, but two of them are sickly and one is blind. The women in your village say that if children live to be five years old, they are likely to live to be adults. Six of your children are over five, so you are better off than your mother was.

She had twelve babies, but only five of them lived to be adults.

One reason for having many children is that they help you with your work. Every morning you must go to a stream more than three kilometers (about two miles) from your house to get water. You also grow most of the food for your family, tend the chickens, keep the house tidy, and prepare all the meals. You work very hard, and you need your children to help you.

Another reason you want to have a large number of children is to be sure that some of them will live long enough to care for you when you are old—just as you now care for your elderly parents. Because so many babies die, you know you have to have many to be sure that some will live to grow up.

Your farm is much smaller than farms used to be: your husband's parents divided their land among their sons. It is becoming more and more difficult these days to raise enough food for your family. You do not worry much about this because you think it is your lot in life to work so hard. But someday your land will be divided among your children, and you cannot help wondering how they will manage.

Every market day a woman called a family planning worker visits the village near your farm. You have heard that this person knows how couples can have fewer babies. Your neighbor tells you that the family planning worker says people do not have to have so many children nowadays because fewer children die. She says that if people have fewer children, they might be able to afford the school fees for all of them. She also says that your country can become more modern if everyone has fewer children. You are not sure what "becoming modern" means, but it sounds as though it is a good thing for your country.

Tomorrow the family planning worker will come to your village again. Although most people you know are suspicious of her, you are tempted to go to meet her. But you think your husband would disapprove. And if you stopped having babies, he might even take a second wife. What would you do?

Chapter Five

Paying for Economic Development

Economic development requires many things. It requires roads, electricity, telephone lines, and water pipes. It requires farm implements, seeds, and fertilizer. It requires schools, hospitals, houses, and buses. It also requires people with skills: teachers, nurses, technicians, engineers, and accountants. To pay for these things, a developing country needs money—a lot of money. Naturally, the amount of money a country can spend on economic development determines how much development can take place. It determines the amount of capital that can be purchased. It also determines the number of people who can be paid to work in economic development activities.

The money to pay for economic development comes from many sources. The most important sources are the developing countries themselves. But there are other sources in industrial countries and in a few wealthier developing countries—governments, international organizations, and private banks and companies. And some organizations in industrial countries support activities that contribute to economic development.

Developing Countries

A developing country pays for most of its economic development itself—generally about 80 to 90 percent of the total cost. Money comes from the taxes individuals and companies pay to their governments, from the savings of private individuals and companies, and from the money that developing countries earn from their ex-

ports. Using only their own money, developing countries pay for hundreds of thousands of development projects: training extension workers, constructing irrigation systems, setting up factories, building roads and bridges, buying buses and trucks, and building and operating schools and health centers.

The governments of developing countries get most of their money from sales taxes and taxes on imports. They collect income taxes from private individuals and companies, as well. To support their development activities, governments also borrow from banks in the country.

Private individuals and companies in developing countries have funds that can be used for development, too. What they have left after paying expenses and taxes—that is, their savings—can be used for economic development. These savings can be used directly—for example, a company may invest in new equipment or in a training program for workers. Or they can be used indirectly—for example, by depositing them in a bank, which then makes loans to other individuals and businesses or to the government.

Governments of developing countries must do more than install and operate physical infrastructure. As this railway repair shop in Côte d'Ivoire demonstrates, they must also maintain it.

Governments of Other Countries

Developing countries often turn to foreign sources to get additional money for economic development. A principal source is grants and loans from governments of industrial countries. These grants and loans usually are for specific development projects, such as an irrigation system, a factory, an agricultural training program, or reform of the education system. Grants do not have to be repaid. Loans must be repaid, but interest rates usually are low, and repayment can be over a long period. Such grants and loans by the governments of industrial countries are called *foreign aid* or *development assistance*.

Since World War II industrial countries have provided hundreds of billions of dollars to developing countries in this way. The largest *amount* of foreign aid has come from the United States, which is natural because it has the largest gross national product (GNP) in the world. But other industrial countries have provided a higher *proportion* of their GNP for development assistance than the

By making loans and grants, the governments of many wealthier countries have assisted many developing countries in expanding their health services.

United States has. Table 4 shows how much money industrial countries provided for economic development in 1965 and in 1989. The table also shows what percentage of each industrial country's GNP that assistance represented.

Table 4. Development Assistance from Selected Industrial Countries to Developing Countries, 1965 and Estimates for 1989

	Development assistance (1989 U.S. dollars)		Percentage of GNP	
Country	1965	1989	1965	1989
Australia	$119,000,000	$ 1,020,000,000	0.5	0.4
Austria	10,000,000	283,000,000	0.1	0.2
Belgium	102,000,000	703,000,000	0.6	0.5
Canada	96,000,000	2,320,000,000	0.2	0.4
Denmark	13,000,000	937,000,000	0.1	0.9
Finland	2,000,000	706,000,000	0.0	0.6
France	752,000,000	7,450,000,000	0.8	0.8
Germany	456,000,000	4,949,000,000	0.4	0.4
Ireland	0	49,000,000	0.0	0.2
Italy	60,000,000	3,613,000,000	0.1	0.4
Japan	244,000,000	8,949,000,000	0.5	0.3
Netherlands	70,000,000	2,094,000,000	0.4	0.9
New Zealand	not available	87,000,000	Not available	0.2
Norway	11,000,000	917,000,000	0.2	1.0
Sweden	38,000,000	1,799,000,000	0.2	1.0
Switzerland	12,000,000	558,000,000	0.1	0.3
United Kingdom	472,000,000	2,587,000,000	0.5	0.3
United States	4,023,000,000	7,676,000,000	0.6	0.2
Total	$6,480,000,000	$46,697,000,000		

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Development assistance does not cost industrial countries a great amount. There are three reasons for this. First, the amounts are not large to begin with. Second, industrial countries get back the money they lend. Third, they often get back much of the money they provide as grants. That happens because developing countries often purchase the goods and services they need from the industrial country making the grant.

The countries listed in Table 4 are not the only ones that give foreign aid. Several of the oil-rich developing countries in the Middle East have provided a great deal of money for economic development. In 1988, for example, they provided about $2,400,000,000 in development assistance, mostly to developing countries in Africa and the Middle East. Kuwait contributed 0.41 percent of its GNP, Qatar 0.08 percent, and Saudi Arabia 2.7 percent.

A big part of the foreign aid of many industrial countries is in the form of capital equipment.

International Organizations

Development assistance also includes grants, loans, and expert advice from a number of international organizations formed by the governments of industrial and developing countries.

The United Nations helps with economic development through the activities of many of its agencies. These agencies give advice to developing countries and inform them about development activities in other countries.

- The United Nations Development Programme (UNDP) is in charge of making grants to developing countries for projects that other UN agencies recommend. Most of the grants go to the world's poorest countries.
- The Food and Agriculture Organization (FAO) of the United Nations studies and recommends how food crops can be increased, how animals can be made healthier, how more fish can be caught, and how forests can be used and protected.
- The International Labour Organization (ILO) advises developing countries about training workers, increasing the number of jobs, and improving working conditions.

A loan from the Asian Development Bank to the government of Papua New Guinea helped build a telecommunications network.

- The United Nations Educational, Scientific, and Cultural Organization (UNESCO) works with developing countries to improve the training of teachers, increase adult literacy, and build schools.
- The United Nations Fund for Population Activities (UNFPA) does research on population and assists developing countries with projects that slow population growth.
- The United Nations Children's Fund (UNICEF) encourages many activities that benefit children.
- The United Nations Industrial Development Organization (UNIDO) helps developing countries build up their industries.
- The World Health Organization (WHO) is concerned with training health workers, improving public health services, conducting research on health problems, and preventing and controlling diseases.
- The United Nations Environmental Programme (UNEP) monitors world environmental conditions and works to draw up international environmental treaties.

The World Bank is the largest of the international organizations that provide funds for economic development. Working closely with the United Nations and other development agencies, the World Bank lends money for specific development projects to the more than 100 developing countries that are among its members. Developing countries must repay these loans in the future. But the period of repayment is fifteen to twenty years, and the interest rates are lower than those charged by most other banks. For the poorest countries, loans called "credits" are made by the International Development Association, which is part of the World Bank. No interest is charged on these credits, and the period of repayment is forty years.

Developing countries in various parts of the world can also borrow money from banks that lend money for economic development in a specific region. The African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development,

and the Inter-American Development Bank are examples. These regional banks are similar to the World Bank: loans are for specific development projects, interest rates are lower than usual, and repayment periods are long. Developing countries can also get loans and grants from the European Development Fund, to which a number of countries in Europe contribute, and, for developing countries in Europe, from the European Investment Bank.

Private Banks and Companies

As their economies become stronger, developing countries can qualify for loans from banks in industrial countries. Many of these banks work together in making loans for big development projects in developing countries. Or banks may make loans to help private businesses in those countries expand their operations. Banks make loans to developing countries for the same reasons that they make loans in their own countries—because it is profitable and because they believe that the borrowers can repay the loans. In recent years, however, higher interest rates have caused these loans to become a great financial burden for many developing countries. As a result, the amount of commercial bank loans to these countries has decreased.

Private companies in industrial countries are another important source of money for development activities. Volkswagen, Phillips Electric, General Motors, and 100

Two Peace Corps volunteers are teaching youngsters in Nepal how to add and subtract—basic knowledge for any economic endeavor.

are examples. These companies may supply equipment and machinery on special terms to governments and businesses in developing countries. Or they may invest directly in a developing country—say, by setting up a factory in partnership with a company in the developing country. Developing countries gain because of the jobs and skills provided to their workers. The foreign companies gain because they can make their products at lower cost in developing countries than in industrial countries.

Other Organizations

Many other organizations in industrial countries support activities that contribute to economic development. Religious groups build and operate schools, colleges, and hospitals. Volunteer organizations—such as the U.S. Peace Corps, the International Volunteer Service, and the American Friends Service Committee—send people to developing countries to teach reading and writing, new methods of farming and animal care, and so on. Private foundations support research on problems in developing countries and provide scholarships so that young people from these countries can study abroad. Hundreds of other small organizations do many other things: for example, they run family planning clinics, conduct programs in nutrition education, and organize the sale of handicrafts.

Developing countries thus obtain money for economic development from many sources. But economic events in the 1970s and 1980s created severe problems for many developing countries. Higher prices meant cutting back imports of goods and services needed for development. Higher interest rates and growing debt repayments limited imports further. And diminishing world trade made it more difficult for developing countries to increase their exports, which are the basis of their imports and their ability to repay loans. These problems will ease only when the world economy grows stronger and world trade expands, enabling developing countries to increase their exports, import more, and speed up their economic development.

Effects of Economic Development

In the past decades economic development has brought many changes to developing countries. What is the record of economic development? What has been achieved? What problems remain to be solved? How has economic development affected relationships among countries?

The Record

The record of economic development is impressive. Never before have the living conditions of so many people improved so much in so short a time. Hundreds of millions of people in developing countries now have higher incomes, sturdier houses, cleaner water, more food on the table, and more schools and health clinics within their reach. And people today are living longer than they did even a few decades ago.

Over the past three decades conditions for many women have improved greatly. Women are less likely to die in childbirth, and they are having healthier babies. More girls are going to school, and more are staying in school longer.

Economic development has brought about tremendous growth in the production of goods and services in many developing countries. Since 1960 the gross national product (GNP) of developing countries has increased substantially (see Table 5 on the next page). In some countries GNP has increased many times over.

Because developing countries are producing more, they can save more. Because they are saving more, they

are investing more. Because they are investing more, they are producing more. And by increasing their production of goods and services in the present, developing countries are increasing their ability to achieve even more economic growth in the future.

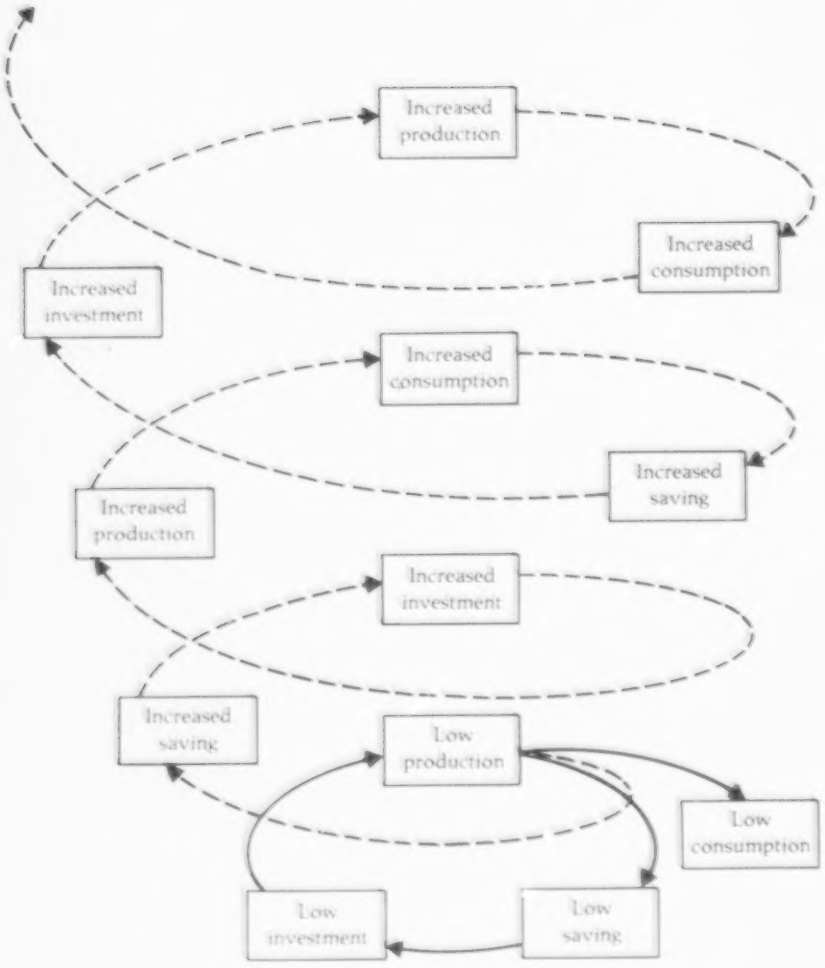
Thus, another result of increased production is that more developing countries are breaking out of the vicious circle that held them back for so long: low production → low saving → low investment in capital → low production. That vicious circle is becoming a spiral that moves upward in ever-widening arcs (see Figure 5).

Table 5. Gross National Product and GNP Per Capita, Selected Developing Countries, 1960 (Estimates) and 1989

(1989 U.S. dollars)

	Gross national product		GNP per capita	
Country	1960	1989	1960	1989
Malawi	$389,000,000	$1,475,000,000	$110	$180
Nigeria	21,774,400,000	28,314,000,000	420	250
Burkina Faso	791,200,000	2,716,000,000	190	320
India	84,860,900,000	287,383,000,000	190	340
China	not available	393,006,000,000	Not available	350
Kenya	1,851,900,000	8,785,000,000	230	360
Indonesia	21,492,400,000	87,936,000,000	230	500
Bolivia	1,514,500,000	4,301,000,000	400	620
Egypt	8,193,600,000	32,501,000,000	320	640
Ecuador	not available	10,774,000,000	Not available	1,020
Mexico	57,558,100,000	170,033,000,000	1,030	2,010
Malaysia	6,101,300,000	37,005,000,000	760	2,160
Brazil	55,932,600,000	375,146,000,000	780	2,540
Korea, Rep. of	10,547,200,000	186,467,000,000	420	4,400

Figure 5. The Spiral of Economic Growth



Along with this remarkable growth of production in developing countries, there has been a large increase in the amount of their foreign trade. By exporting more of what they produce, they have been able to import more of the capital goods they need to increase production even more. Tables 6 and 7 show the growth in merchandise exports and imports for a few developing countries. Most of the exports of developing countries still consist of minerals and agricultural products, but these exports now include more manufactured goods. For most developing countries, imports of oil, raw materials, and capital goods have been increasing faster than their other imports.

Table 6. Value of Merchandise Exports Per Capita, Selected Developing Countries, 1960 (Estimates) and 1989

(1989 U.S. dollars)

	Value of exports per capita	
Country	1960	1989
Malawi	$15	$55
Nigeria	151	79
Burkina Faso	2	9
India	8	19
China	Not available	47
Kenya	88	97
Indonesia	89	122
Bolivia	159	115
Egypt	65	80
Ecuador	212	229
Mexico	75	272
Malaysia	488	1,940
Brazil	78	255
Korea, Rep. of	5	1,469

Table 7. Value of Merchandise Imports Per Capita, Selected Developing Countries, 1960 (Estimates) and 1989

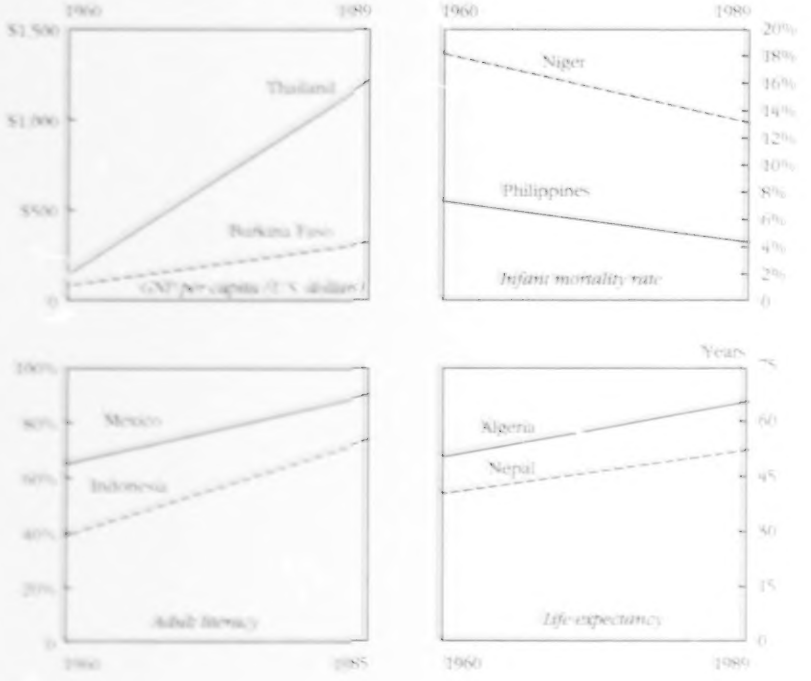
(1989 U.S. dollars)

Country	Value of imports per capita	
	1960	1989
Malawi	$35	$62
Nigeria	42	52
Burkina Faso	17	47
India	27	25
China	Not available	53
Kenya	158	80
Indonesia	30	62
Bolivia	55	87
Egypt	141	136
Ecuador	66	181
Mexico	130	294
Malaysia	430	1,295
Brazil	150	125
Korea, Rep. of	52	1,437

The growth of production and the expansion of foreign trade have led to improvements in the living conditions of hundreds of millions of people. These improvements can be seen in increases in adult literacy and life expectancy and in reductions in infant mortality. Figure 6 shows the changes in these social indicators for a few developing countries between 1960 and 1989. Similar changes are taking place in almost all other developing countries.

One outcome of these achievements, however, is that the populations of many developing countries have continued to grow rapidly. The reason is that even though

Figure 6. GNP Per Capita and Social Indicators, Selected Developing Countries, 1960 Estimates and Most Recent Estimates

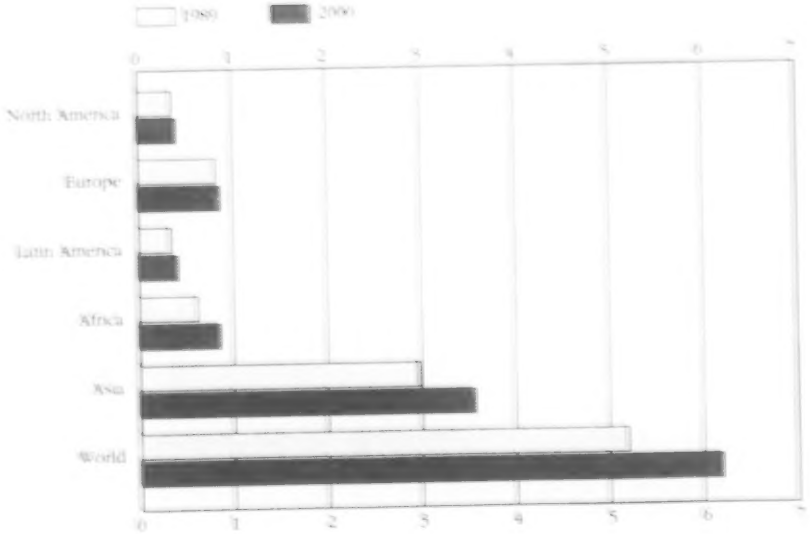


more babies are surviving and life expectancy is increasing, most families still have many children.

Economic development would have had a greater effect on the lives of individuals if population growth had been slower. There may be more goods and services now, but there are also many more people who need them. There may be more opportunities for jobs in industry and agriculture now, but there are more people looking for work. And there may be much more foreign trade now, but the need for further increases in foreign trade is even greater. Rapid population growth means that economic development, despite the achievements of the past decades, will be more difficult in the future.

Figure 7 shows what is happening to population growth in different regions of the world. Most developing countries have been working hard to slow down their population growth, and progress is finally being made worldwide, especially in Asia and Latin America, but much work remains to be done.

Figure 7. World Population, by Region, 1989 and Estimates for 2000 (billions)



Unsolved Problems

There are several basic problems that remain to be solved. One is that the living conditions of the poorest people in developing countries have not improved much. More than a billion of the world's people still live in absolute poverty. People who live in absolute poverty lack the basic things needed for a decent life. Developing countries are now giving special attention to their poorest people. But they have not made enough improvement in economic equity—in giving their poorest people larger pieces of the growing pie. Developing countries must therefore focus more effort, and industrial countries more assistance, on reducing absolute poverty.

A second unsolved problem is that living conditions in the poorest developing countries are improving much too slowly. In the poorest countries GNP per capita has increased, but only half as fast as in other developing countries that are somewhat better off. The improvement in social indicators for the poorest countries, and their 3 billion people, has also been slower.

Despite the economic growth of the past decades, the number of people who still must struggle to survive is growing.

Why is this so? Many of the poorest countries—Chad and Mali, for example—lack the natural resources that are usually needed for economic growth. Some—Bangladesh, China, India, and Indonesia, for example—have huge populations that make the tasks of economic development exceedingly difficult. New ways must therefore be found to improve living conditions faster in the poorest countries.

A related problem is that economic development, along with population growth and poverty, can put heavy pressure on the environment and a country's natural resources—its forests, farmlands, water supply, minerals, clean air, and more. New ways must be found for developing countries to produce goods and services more efficiently, to conserve, renew, and recycle their resources, and to protect the environment for themselves and for future generations as well.

Another problem that has not yet been solved is the huge difference between living standards in developing countries and industrial countries. Despite their record of economic growth, most developing countries are not catching up. It is probable that in the next fifty years only a few developing countries will approach the present living conditions in industrial countries. For many developing countries it may take a few hundred years. In the meantime, living conditions in those countries are getting better, but much too slowly.

Another problem that remains unsolved is that opportunities for men have increased more rapidly than those for women. Fewer girls than boys attend school in developing countries. Illiteracy rates are higher for women than for men. Farm training programs are mostly for men, even though women may do most of the farm work. Men are more likely than women to get jobs in industry and loans for businesses. Such conditions increase the inequality of opportunity between men and women, and this inequality has economic consequences. By neglecting women, developing countries are neglecting half of their potential human capital. For this reason, and for reasons of justice, women must be drawn more fully into the work of economic development.

Interdependence

Economic development has affected all countries because it has increased their interdependence.

Industrial countries have depended on developing countries for natural resources for a long time. This dependence is even greater today because the economies of industrial countries have been growing. Most of the world's known petroleum reserves are in developing countries. Almost all bauxite—the principal source of aluminum, which is used in building many lightweight structures, from garden furniture to airplanes—is in developing countries. Most of the copper and tin required for electrical machinery and appliances is mined in developing countries. Most of the world's rubber, which is used for tires on most kinds of vehicles, is tapped in developing countries. And tea, coffee, and sugar, to name just a few foods, come largely from developing countries.

Economic growth in developing countries is bringing about new kinds of interdependence. Industrial countries are beginning to depend more on imports of consumer goods made in developing countries: clothing, leather products, radios, televisions, stereo equipment, and some foods. Because of lower wages, these consumer goods can be made more cheaply in developing countries than in industrial countries. These cheaper products can help to keep down prices in industrial countries.

Industrial countries are also beginning to depend more on their exports to developing countries. Millions of people in industrial countries are employed in work that grows out of economic development. Many produce agricultural goods. Many others produce capital goods—tractors and farm equipment, airplanes and railroad cars, trucks and bulldozers, electric power generators and steel construction beams, and machinery for spinning yarn, weaving cloth, mining coal, and refining oil. For example, recent U.S. exports to developing countries totaled about $130 billion (or more than 35 percent of total U.S. exports), and every billion dollars of exports can mean approximately 19,000 jobs.

Thousands of people in industrial countries provide services to developing countries. Many provide expert advice—on engineering problems, factory management, and education and health care, for example. Others do research on such topics as plant and animal diseases, soil conditions, energy sources, and family planning. Many work in the hundreds of businesses that operate in developing countries—banks, manufacturing plants, trading companies, and mining and construction firms.

The dependence of industrial countries on trade with developing countries is shown in Table 8. This trade is an important portion of the total foreign trade of industrial countries.

Table 8. Trade between Selected Industrial Countries and Developing Countries as a Group, 1989

(1989 U.S. dollars)

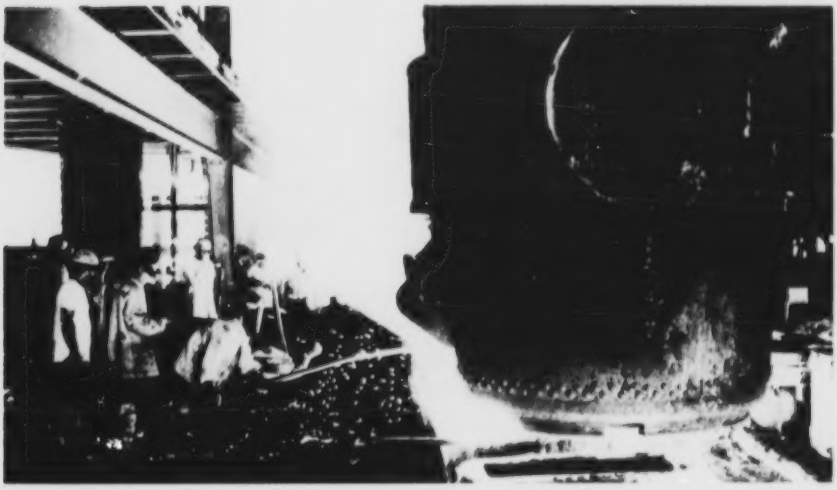
Country	Percentage of total exports that went to developing countries	Percentage of total imports that came from developing countries
Australia	37	24
Austria	13	12
Belgium	12	13
Canada	8	12
Denmark	12	14
Finland	9	9
France	20	16
Germany	15	18
Italy	18	22
Japan	38	48
Netherlands	10	16
New Zealand	28	19
Norway	7	20
Sweden	12	10
Switzerland	19	10
United Kingdom	19	14
United States	35	40

Most developing countries depend greatly on industrial countries for food, machinery, expert advice, and consumer goods. But they are worried by this dependence. The reason is that they need to sell their products in industrial countries to earn money to buy the goods and services they need. And if they cannot buy those goods and services, they cannot improve the living conditions of their people. What if industrial countries needed fewer of their products?

They are concerned, too, that industrial countries may not increase the amount of development assistance they are providing. The populations of developing countries are growing, and the need for greater production, especially for their poorest people, is growing too. Many countries need even more foreign aid from industrial countries than they received in the past. What if industrial countries were to reduce their foreign aid?

Another concern of developing countries is that industrial countries consume vast quantities of natural resources. Developing countries need to export their natural resources so that they can go forward with economic development. But they will themselves need vast

Just as industrial countries depend on developing countries for raw materials, so developing countries depend on industrial countries for the equipment needed to process raw materials.



quantities of these natural resources as they reach more advanced stages of economic development. What will happen if the supply of natural resources is used up? How can developing countries protect, conserve, and renew this supply of natural resources?

Developing countries have these concerns because their economies are much weaker than the economies of industrial countries. Today the world economy is dominated by industrial countries, but developing countries want to become more equal partners. As a result, some of them are beginning to work with each other to protect their interests and advance their common needs. As a group they have more power than each has alone. They are forming regional organizations and working together in various groups sponsored by the United Nations.

These concerns have recently sharpened because of changes in the world economy. In the 1980s economic growth slowed in industrial countries as inflation and recession occurred and prices of imports, especially oil, rose. These conditions had a staggering effect on developing countries, making economic development even more difficult for them for several reasons.

The experience of experts—from both industrial and developing countries—can help developing countries avoid problems that others have already encountered.

To export shirts and provide jobs for its work force, India depends on buyers in industrial countries. To sell some of their sewing machines, industrial countries depend on the Philippines and other developing countries.

Industrial countries, because of their economic slowdown, began to change their policies toward developing countries. First, some industrial countries, in response to domestic economic pressures, began buying fewer exports from developing countries. Second, many industrial countries did not increase their aid to developing countries, and some even decreased it. These changes had the effect of slowing down economic development in developing countries. In addition, many commercial banks reduced their lending to developing countries, and interest rates rose.

Most developing countries must continue to import goods and services to help their economies grow. Where can they get the money to do this? One way is by increasing their exports, which is difficult at any time. It is even more difficult if industrial countries buy less from them. So they must try to borrow, which increases their indebtedness, and they must reduce essential imports.

The outlook for the 1990s is unclear. Events in the Persian Gulf, Eastern Europe, and other areas have led to higher prices and general economic uncertainty, making prediction difficult. But it is likely that the pace of economic development will be slow.

In such times of global uncertainty, all countries have greater responsibility to their partners in an interdependent world. Industrial countries, in making their economic decisions, must take into account the well-being of developing countries. And developing countries must make the best possible use of their limited resources to keep economic development moving forward as rapidly as possible.

Human societies have been interdependent since early times because no society has ever produced all that it needs and wants. And the relationships between societies have constantly changed. Further changes lie ahead as economic development continues and interdependence becomes greater than ever before. These changes can lead toward a better world—a world in which all countries cooperate to achieve a better life for everyone. In such a world, the well-being of each country would depend on the well-being of all countries.

To export logs and get money needed for essential imports, Gabon depends on the construction industry in Europe. To sell trucks, industrial countries depend on timber companies in Gabon and other countries.

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Afterword

Is economic development leading toward a better world? It clearly is for hundreds of millions of people in developing countries who are better fed, in better health, and better able to make choices about the way they make a living. It clearly can lead toward a better world for hundreds of millions more during the rest of this century and beyond. The question is, Will economic development take place fast enough?

In the year 2000 the world's population will have increased by another 1 billion—from 5 billion today to 6 billion. By the year 2025 there could be 8 or 9 billion people. Most of the increase in population will take place in developing countries. This increase in population is the greatest single obstacle to improving the living conditions of most of the world's people.

- How can economic development take place fast enough to provide food for all these people?
- How can economic development take place fast enough to provide the other goods and services people in developing countries need to improve their living conditions?
- How can economic development take place fast enough to provide jobs for the 750 million more people in developing countries who will need them before the end of this century?
- How can economic development take place without damaging the environment and wasting the world's scarce resources?
- And how can the countries of this interdependent world cooperate to carry economic development forward?

These questions must be answered during your lifetime if the living conditions of hundreds of millions of people in the developing world are to get better, not worse. You can begin to answer these questions yourself by learning more about the world around you.

One thing is certain: the task of economic development is far from complete. If the living conditions of most of the world's people are to improve, there must be even greater economic growth in developing countries. There must also be even greater efforts to make sure that everyone has a fair share of that growth. Thus, to achieve greater economic growth and to improve economic equity, developing countries must devote even more of their resources to economic development than they have in the past. And industrial countries must give them even more help.

In developing countries a growing proportion of children are getting more schooling, which helps them become more productive citizens.

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Glossary

Absolute poverty Poverty so severe that people cannot meet even their basic needs for food, clothing, and shelter.

Adult literacy rate The percentage of people in a country who are over fifteen and can read and write.

Capital Things people use to produce more *goods and services*. Physical capital consists of tools, machines, roads, and so on. Human capital consists of the skills and knowledge of people.

Developing countries Most countries in Africa, Asia, and Latin America and some countries in Europe. A high proportion of their people work in agriculture, but the amount of their industry is increasing. Most of their people have a low *standard of living*.

Development assistance See *Foreign aid*.

Economic development The process that developing countries engage in to improve the living conditions of their people.

Economic equity The broader sharing of *goods and services* among the poorer people in a country.

Economic growth The production of an increasing amount of *goods and services*.

Exports The *goods and services* that a country produces and sells to other countries.

Foreign aid Money or services provided by wealthier countries to support *economic development* in poorer countries.

Goods and services The things people produce and the activities they engage in to satisfy their needs and wants. Examples of goods are cars, radios, furniture,

and machines. Examples of services are teaching, hospital care, postal delivery, and dry cleaning.

Gross national product (GNP) The value of all the *goods and services* a country produces in a year. It includes, for example, food, clothing, roads, buildings, military equipment, government salaries, and exports.

GNP per capita The part of a country's *GNP* that each person in that country would have if the *GNP* were divided equally among the population.

Imports The *goods and services* that a country buys from other countries.

Industrial countries Japan, Australia, New Zealand, and most countries of Europe and North America. All of them have a great deal of industry; most of their people have a high *standard of living*.

Infant mortality rate The percentage of babies that are born alive in a country but die before reaching their first birthday.

Interdependence A relationship in which people or countries depend on each other to meet their needs and wants.

Investing Spending savings on *goods and services* that are not used up soon after purchase and that enable people to produce more.

Life expectancy The average number of years a newborn child can expect to live.

Physical infrastructure Installations or facilities that provide the groundwork for *economic development*. Examples are roads, electricity and communications networks, and systems of water supply and waste disposal.

Private sector Economic activity in which output is produced by individuals and companies working not for the state but for private profit.

Productivity The ability of people to produce *goods and services*.

Savings Income that is not spent on *goods and services* used up soon after purchase.

Standard of living The amount of *goods and services* people have to meet their needs.

This book is part of Learning Kit No. 1 in the World Bank's series of multimedia kits about economic development, TOWARD A BETTER WORLD. Other materials in the kit are two filmstrips on NTSC (VHS) videocassette and a teaching guide. Other kits in the series are listed on page 4 of the teaching guide.

About the authors. Harriet Baldwin, formerly a teacher, specializes in writing educational materials. She has many years of experience in curriculum development in the public schools of Montgomery County, Maryland. She has also worked in instructional television. Bruce Ross-Larson has written several books on social, political, and economic life in developing countries. He has edited a number of country economic reports and research publications of the World Bank. Both authors have spent several years in developing countries.

All statistics in the book were supplied by the World Bank's International Economics Department, which draws on an array of national and international sources in compiling social and economic data. The World Bank's Cartography Section prepared the maps, which are based on the Eckert IV equal-area projection. The maps that accompany the text have been prepared solely for the convenience of the reader; the designations and presentations of material in them do not imply the expression of any opinion whatsoever on the part of the World Bank, its affiliates, or its Board or member countries concerning the legal status of any country, territory, city, or area, or of the authorities thereof, or concerning the delimitation of its boundaries or its national affiliation. The figures were prepared by the Art and Design Section and the Publications Department of the World Bank. Carol Crosby Black designed the cover and layout. The second edition was prepared by Katherine A. Sheram.

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TOWARD A BETTER WORLD

Second Edition

Teaching Guide

The Developing World

World Bank Educational Materials

TEACHING GUIDE

to accompany

THE DEVELOPING WORLD

A book about economic development

and

two slide presentations on videocassette

The World Bank
Washington, D.C. 20433
U.S.A.

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The World Bank is an international organization owned by more than 150 countries. Its work is to help poor countries in their efforts to improve the living conditions of their people. It does this by lending money to its poorer member countries for development projects. The International Development Association, which is part of the World Bank, makes long-term loans at low cost to the world's poorest countries. The World Bank began to operate in 1946; the International Development Association was founded in 1960. Their loans to developing countries now amount to about $20 billion a year.

This teaching guide was written by Harriet Baldwin with the assistance of Bruce Ross-Larson and teachers in schools in Washington, D.C., and its suburbs. The revised second edition was prepared by Katherine A. Sheram.

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This Teaching Guide conforms to the second edition of *The Developing World*.

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FOREWORD

Relieving world poverty is one of the pressing problems of our time. More than four-fifths of the world's people live in countries that are poor. More than a billion people in poor countries are hungry, illiterate, in poor health, and without productive employment. Other billions are only a little better off. Because the populations of poor countries are increasing, each year millions more people must be fed, educated, and provided with houses, clothing, jobs, health services, and pure drinking water.

To improve the living conditions of their people, poor countries engage in economic development. They do so mainly by using their own resources, although rich countries provide technical and financial assistance. As a result of these efforts, all poor countries have made some progress, and a few have made dramatic gains. But widespread poverty remains and threatens to increase. It affects rich countries as well as poor in an increasingly interdependent world.

Since 1946 the World Bank, in cooperation with governments and other institutions, has been assisting the world's poor countries in the process of economic development. TOWARD A BETTER WORLD draws on that experience. The purpose of the World Bank in publishing TOWARD A BETTER WORLD is to help young people better understand the need for and the process of economic development. Economic development is helping hundreds of millions of people to improve their physical and material well-being and better fulfill their potential as human beings. Hundreds of millions of others must be affected by it if humanity is to move toward a better world.

Goals

TOWARD A BETTER WORLD has two educational goals. The first goal is to increase students' knowledge of the nature and extent of world poverty, of the process of economic development, and of the growing interdependence of rich and poor countries that economic development is bringing about. The second goal is to encourage students to develop informed opinions about relieving world poverty, about economic development, and about global interdependence.

Approach

The approach of TOWARD A BETTER WORLD is to introduce students to the nature of life in developing countries, to the process of economic development, and to the effects of economic development in developing countries and in the world as a whole. Against this background, case studies of specific development projects are presented to illustrate economic development vividly and in detail. The case studies are of projects that have been partly financed by the World Bank and its affiliate the International Development Association. Information is presented in statistical and descriptive form in books, pamphlets, and slide presentations on videocassette. Lesson plans provide opportunities for students to enter imaginatively into the experiences of people in the world's poor countries and to use the knowledge they acquire in their study to clarify their opinions.

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Contributions to the Social Studies Curriculum

TOWARD A BETTER WORLD makes three contributions to the secondary school social studies curriculum. First, it deals with two major concepts examined in social studies: change and interdependence. Second, it presents a number of economic concepts and terms that all citizens should understand. Third, it offers opportunities for strengthening skills in reading, writing, geography, and critical thinking and in using statistical tables, graphs, and charts. The kit is designed as supplementary material, to be used in such courses as world geography, world history, world studies, global studies, economics, and current issues. The entire kit can be used as a unit of six to nine weeks in these courses, or items in it can be selected for use in existing units.

Acknowledgments

TOWARD A BETTER WORLD was pilot tested in classrooms in Washington, D.C., and its Maryland and Virginia suburbs. It was then evaluated in schools in many parts of the United States. The teachers who participated in the evaluation are listed below. The World Bank expresses its appreciation to them; to Carole L. Hahn, professor of education, Emory University, Atlanta, Ga.; and to social studies supervisors who assisted in the pilot testing: Frances Powell, Washington, D.C.; Richard Wilson, Montgomery County, Md.; Jack Henes, Alexandria, Va.; Frank Taylor, Fairfax County, Va.; Barbara Davis, Prince William County, Va.; and, especially, the late Dana Kurfman, Prince George's County, Md.

Participating teachers

Carol Marquis, Monte Vista High School, Danville, Calif.
Julie Stokestad, College Preparatory School, Oakland, Calif.
Gwyn Price, Menlo-Atherton High School, Atherton, Calif.
Philip Cohen, Fairview High School, Boulder, Colo.
Tedd Levy, Nathan Hale Middle School, Norwalk, Conn.
Billie Day, Benjamin Banneker High School, Washington, D.C.
Simine Heise, Homestead Senior High School, Homestead, Fla.
Richard Gross, Riverwood High School, Atlanta, Ga.
Rosalind Fishman, Floyd Central High School, New Albany, Ind.
Patricia Dye, Andover High School, Andover, Mass.
Craig Simpson, Andover High School, Andover, Mass.
Linda Lucatorto, Holton Arms School, Bethesda, Md.
Barbara Graves, Charles County (Md.) Department of Education
Ronald Anderson, Fairmont Heights Senior High School, Hyattsville, Md.
Fred Crouch, Duval Senior High School, Lanham, Md.
Sister Margaret Galvin, Derham Hall High School, St. Paul, Minn.
Maureen Tracy, Jericho Junior High School, Jericho, N.Y.
George Austin, Rogers Senior High School, Tulsa, Okla.
Patricia Baars, Marshall High School, Portland, Oreg.
Willian C. Austin, Wm. Penn Charter School, Philadelphia, Pa.
Jo Ann Hopper, Academy High School, Temple, Tex.
Melanie Bierman, McLean High School, McLean, Va.
Richard Gorrell, Jefferson High School, Alexandria, Va.

INTRODUCTION TO *THE DEVELOPING WORLD*

The Developing World is Learning Kit No. 1 in the World Bank's series of learning kits about economic development, TOWARD A BETTER WORLD. The kit consists of a book for students, two slide presentations on videocassette, and this Teaching Guide. It introduces students to economic development in general terms. It may be followed by other kits in TOWARD A BETTER WORLD that are case studies of development projects.

Materials

The materials to be used with this Teaching Guide are as follows.

Student book: *The Developing World*

Slide presentations on videocassette:
Some Big Questions (script on page 53)
Toward a Better World (script on page 59)

Worksheets (those preceded by an asterisk are for highly motivated students):

1 Exploring Opinions about World Poverty
2 Viewing *Some Big Questions*
*3 More Opinions about World Poverty
4 Characteristics of Developing Countries
5 Locating Countries and Cities
6 Comparing Countries: 1
7 If You Lived in Poverty in a Developing Country
8 Locating Countries
9 An Indian Poem
10 Comparing Countries: 2
11 Test I
12 Putting New Terms to Work
13 Making Choices
*14 What Would You Do If . . . ?
15 Development Activities: 1
16 Development Activities: 2
17 Development Activities: 3
18 Test II
19 Where Will You Get the Money?
20 More about Development Assistance
21 Exploring Opinions about Development Assistance
22 Analyzing Statistics
*23 Changes in GNP Per Capita in Selected Developing Countries
24 Comparing Foreign Trade in Developing and Industrial Countries
25 What are Developing Countries Worried About?
*26 How Might Economic Development in Developing Countries Affect Employment in Industrial Countries?
27 Exploring Opinions about Economic Development
28 Test III (A)
*29 Test III (B)
*30 Topics for Research

Overview

Students will begin their study of economic development by viewing the video presentation *Some Big Questions*, which portrays living conditions in poor countries, contrasts them with living conditions in rich countries, and asks, "What can be done to move toward a better world?"

As they begin to read the book *The Developing World*, students will identify five general characteristics of developing countries. Using statistics that illustrate these characteristics, students will compare industrial countries with developing countries and middle-income developing countries with low-income ones.

Students will then turn to economic development. They will briefly consider the relationship of growth and equity in economic development, saving and investing as requirements of economic development, and the role of governments and the private sector. They will then examine seven activities that advance economic development. Students will analyze how these activities affect people in developing countries by reading stories of individuals involved in the activities. They will discuss how they themselves would deal with the situations in the stories.

After focusing on how developing countries pay for economic development and the assistance provided by industrial countries, students will turn to the effects of economic development. They will examine statistical evidence of growth in developing countries, the problems that remain, and the increasing interdependence among countries that economic development is bringing about. In reviewing for a test, they will view the video presentation *Toward a Better World*.

During the study, students will examine opinions about world poverty, development assistance (foreign aid), and economic development. They will express their own opinions and use information acquired during the study to support them.

Objectives and Evaluation

The Developing World and the materials that accompany it can be used to meet many educational objectives. The lesson plans that follow were designed to help students achieve the general objectives listed below. The achievement of these objectives may be measured in three tests given in Lessons 5, 10, and 15 (Worksheets 11, 18, and 28 or 29). The worksheet that measures the achievement of each objective is indicated after the objective below.

Objective 1. Students will describe living conditions in developing countries, referring to:

- Poverty (health, food supply, educational opportunity, the quality of housing and clothing)
- Widespread employment in agriculture
- Limited capital and imports
- Rapid population growth

(Evaluation: Worksheet 11)

Objective 2. Students will compare (a) industrial and developing countries and (b) middle-income developing countries and low-income developing countries, using the following statistics:

- Gross national product per capita
- Social indicators
  - Infant mortality rate
  - Life expectancy
  - Adult literacy rate
- Proportion of workers in agriculture
- Energy consumption per capita
- Value of imports per capita
- Population data

(Evaluation: Worksheet 11)

Objective 3. Students will explain how each of the following contribute to economic development and will give examples of each activity:

- Increasing physical infrastructure
- Increasing industrial production
- Increasing agricultural production
- Increasing foreign trade
- Educating and training people
- Assisting the poorest people
- Slowing population growth

(Evaluation: Worksheet 18)

Objective 4. Students will give examples from the lives of specific individuals in developing countries of changes economic development is bringing about—in relationships, in values, in choices to be made, and in risks to be taken.

(Evaluation: Worksheet 18)

Objective 5. Students will list (or identify) sources in developing countries and in industrial countries that provide funds for economic development.

(Evaluation: Worksheet 28 or 29)

Objective 6. Students will give specific examples of (or identify) ways in which economic development is increasing the interdependence of the world's countries.

(Evaluation: Worksheet 28 or 29)

Objective 7. Students will express their opinions about world poverty, development assistance, and economic development and will use information acquired during the study to support their opinions. In expressing their opinions about economic development, they will refer to:

- Statistical evidence of improved living conditions
- Problems that remain

(Evaluation: Worksheet 11; Worksheet 28 or 29)

Objective 8. Students will locate on a map of the world the following developing and industrial countries:

Bangladesh
Bolivia
Brazil
Burkina Faso
China
Costa Rica
Côte d'Ivoire
Ecuador
Egypt
Guatemala
India
Indonesia
Kenya
Korea, Republic of
Malawi
Malaysia
Mexico
Nigeria
Pakistan
Philippines
Saudi Arabia
Uruguay
former U.S.S.R.

Australia
Canada
France
Germany
Japan
Netherlands
United Kingdom
United States

(Evaluation: Worksheet 18)

Objective 9. Students will match the following concepts with brief definitions:

adult literacy rate
capital
economic development
economic equity
economic growth
exports
foreign aid (development assistance)
gross national product (GNP)
gross national product per capita (GNP per capita)
imports
infant mortality rate
interdependence
investing
life expectancy
physical infrastructure
population growth rate
productivity
saving
standard of living

(Evaluation: Worksheet 28 or 29)

LESSON PLANS

Introductory Notes for Teachers

- *Lesson plans* are organized in fifteen lessons in three segments of five lessons each. Most student groups should be able to complete one lesson in a single class period.
- *Lesson objectives* are derived from the general objectives of the study listed on pages 9–11. Activities in which students may demonstrate their achievement of the lesson objectives are listed following each objective.
- *Activities* are numbered according to the lesson in which they occur and the sequence within the lesson.
- *Activity numbers followed by letters* (for example, 2.3.a and 2.3.b) indicate that the activities are alternatives. Teachers should choose only one of them.
- *Activity numbers preceded by asterisks* indicate activities for highly motivated students.
- *Supplementary activities* are included at the end of most lessons.
- *Tests* are provided for Lessons 5, 10, and 15 (Worksheets 10, 17, and 27 or 28). These tests measure students' achievement of the general objectives of the study listed on pages 9–11.
- *Concepts and terms* introduced in each lesson are listed at the beginning of the lesson plans, together with words and phrases used during the lesson that may be unfamiliar to some students. Concepts and terms are listed in the Glossary on pages 100 and 101 of *The Developing World*. Teachers should see that students understand the concepts and terms, but specific activities to strengthen mastery of them are not included in the lesson plans.
- The *countries* and *cities* mentioned in the lessons are listed at the beginning of the lesson plans and are grouped by continent. Pronunciations for some are provided. Students should locate the countries mentioned during each lesson on a wall map of the world or on the map inside the back cover of *The Developing World*. Locating these countries will strengthen geographic understanding and mastery of the identity of some developing countries.
- *Discussions of opinions* should be open-ended. Students should be encouraged to express all opinions openly but to use information acquired during the study (and elsewhere) to support their opinions.
- *Worksheets* are found at the end of the Teaching Guide. By cutting them along the dotted lines, they can be removed for duplicating without damaging the book. Most worksheets are presented as individual activities, but many can be adapted for small-group work. Teachers should read each worksheet carefully before using it to determine whether it is appropriate for the class.

Additional activities that will enrich the study:

- A bulletin board display of pictures and of magazine and newspaper articles about developing countries.
- Talks by students or adults about developing countries in which they have lived or traveled.

INTRODUCTION

Objectives

As a result of this lesson, students should be able to:

1. List the following conditions in which poor people live in poor countries: urban slums, poor villages, low income, unemployment, hunger, polluted water, illness, illiteracy, worry, few opportunities. *(Activity 1.3.a or 1.3.b)*
2. Express their opinions about world poverty and use information acquired in the lesson to support these opinions. *(Activity 1.6)*

Materials

Worksheet 1: *Exploring Opinions about World Poverty*
Video presentation: *Some Big Questions*
Worksheet 2: *Viewing* Some Big Questions
Worksheet 3: *More Opinions about World Poverty*

Vocabulary

Concepts and terms

capital
developing countries
industrial countries
imports
standard of living

Other words

agriculture
calories
industrial revolution
industry
literate
nourish
population
technology
vehicle

Countries

Canada
Guatemala (Gwa-tuh-*mah*-luh)
United States
Kenya (*Ken*-yuh)
Malawi (Muh-*lah*-we)
Burkina Faso
France
Netherlands
United Kingdom
Bangladesh
Japan
Indonesia
Pakistan

Activities

Note: Teachers should preview the video presentation, *Some Big Questions*, to be shown in this lesson. The narration is on page 53.

1.1 Introduce the study. Tell students they are beginning a study of world poverty, a pressing problem the world will face the rest of their lives and afterward. Explain that they are going to learn about this problem and about some of the things that can be done to help solve it.

Explain that people have differing opinions about world poverty and that they will examine some of these opinions now. Distribute Worksheet 1; students should complete it in about 5 minutes. Assure them that it is not a test. When they have completed it, have them put it aside for discussion later in the period.

1.2 Prepare students for the video presentation. Distribute Worksheet 2. Tell students to fill in the left side of the worksheet briefly and quickly (in about 5 minutes). They will fill in the right side as they watch the video presentation. Tell them to try to remember the questions asked in the presentation.

1.3 Show the video presentation *Some Big Questions*. As they view it, students should be able to note the following on their worksheets.

1. *Living conditions*. Urban slums, poor villages, low income, unemployment; hunger, polluted water, illness, illiteracy, worry, few opportunities.
2. *Things to compare*. Daily calorie supply, life expectancy, infant mortality rate, number of doctors, school attendance, adult literacy, average income.
3. *Reasons for poverty*. Late start with modern technology, many families in agriculture, little capital, few imports, rapid population growth.

1.4 Discuss the worksheet. Expand the discussion, using some of the following questions:

- Do you think that high school students should learn about world poverty? Why or why not?
- What do you think will happen to the world if living conditions in developing countries remain as they are?
- How many countries in the world are poor? How many people in the world are poor?
- What terms are used to refer to poor countries? to refer to rich countries?
- Name some developing countries mentioned in the video presentation; name some industrial countries. (See the list at the beginning of the lesson.) Locate these countries on a wall map of the world.
- On what continents are most of the developing countries located? On what continents are most of the industrial countries located?
- What does the term "standard of living" mean? What things can be measured to determine whether a country has a high or a low standard of living?

- What do you think is meant by the statement in the video, "Even people who are poor in industrial countries are well-off in comparison with most people in developing countries"? Do you agree? Why or why not?
- Why do you think children in developing countries might attend school for only a few years?

1.5 Ask students to recall "the big questions" asked in the video presentation:

- What does it mean to live in a poor country?
- Why are so many countries poor?
- What can be done to relieve poverty?
- What can be done to move toward a better world?
- What must developing countries do?
- What must industrial countries do?
- How are you going to deal with these questions?

Ask students which of the questions are answered in the video (the first two). Explain that their study during the next few weeks will help them answer the next four questions; undertaking the study is one way of answering the last question.

Ask students, "Why do you think the last question is 'How are you going *to deal with* these questions?' rather than 'How are you going *to answer* these questions?'"

1.6 Lead a discussion of Worksheet 1. Have students use information acquired during the lesson to discuss the worksheet. If you wish to use the worksheet to take an opinion poll of the class before and after the study, have students put their names on their worksheets, collect them, and save them for Lesson 15 (see Activity 15.2).

Supplementary Activities

1.7 After viewing the video, have students make a table showing the statistics in frames 26 through 57. Put the outline and headings of the chart below on the chalkboard; have students make a copy. Then show the frames again without sound. Complete the table and discuss it. The table should be as follows:

Statistic	Industrial country		Developing country	
Daily caloric supply	Canada	3,500 calories	Burkina Faso	2,100 calories
Life expectancy	France	77 years	Indonesia	51 years
Infant mortality rate	Japan	4 in 1,000	Malawi	147 in 1,000
Number of doctors	Australia	1 for 440	Bangladesh	1 for 9,500
High school enrollment	Netherlands	99 percent	Kenya	25 percent
Adult literacy	United States	95 percent	Guatemala	42 percent
GNP per capita	United Kingdom	$15,000	India	$400

1.8 Have students do some research about, or find pictures that portray, the living conditions of most people in Europe in the 1500s, the 1600s, and the 1700s.

***1.9** Use Worksheet 5 to take an opinion poll of the class. Distribute the worksheet and have students fill it out. Have two teams of students tally the responses, one team tallying statements 1–5, the other tallying statements 6–10. Derive the typical or average class response to each statement as follows:

1. Give the following values to the responses:
   I agree strongly . . . . . 5 points
   I agree . . . . . 4 points
   I have no opinion . . . . . 3 points
   I disagree . . . . . 2 points
   I disagree strongly . . . . . 1 point
2. Multiply the responses by the point values.
3. Add the totals from step 2 and divide by the number of responses to get the average response.

INSIDE DEVELOPING COUNTRIES: I

Objectives

As a result of this lesson, students should be able to:

1. Distinguish between the terms "industrial countries" and "developing countries" and list some other terms used for each group of countries. (*Activities 2.1 and 2.3*)
2. Compare industrial and developing countries in terms of location, population, and number. (*Activity 2.3*)
3. State a few things that would be familiar and a few that would be unfamiliar in the first few days of a visit to a developing country. (*Activity 2.4*)

Materials

The Developing World, pages 1–17
Worksheet 4: *Characteristics of Developing Countries*
Worksheet 5: *Locating Countries and Cities* (for homework)

Vocabulary

Concepts and terms

capital
developing countries
economic
economic development
exports
goods and services
imports
income
industrial countries
interdependence

Other words

agriculture
currency
familiarity
grant
industrializing
loan
produce
rickshaw
technical advice

Countries (See list in Lesson 1)

Cities

Rio de Janeiro, Brazil
São Paulo, Brazil
Mexico City, Mexico
Cairo, Egypt
Bombay, India
Calcutta, India
Madras, India
Jakarta, Indonesia
Seoul, Republic of Korea
Manila, Philippines

Activities

2.1 Distribute the book *The Developing World*. Have students look at the map on the inside front cover and read the information above the map. Make the following explanations:

- The terms *developing* and *poor* refer only to the economic life of these countries. All have long histories, rich cultural heritages, and complex social and political systems.
- The terms *less developed countries (LDCs)*, *the South*, and *the Third World* are also sometimes used.
- The term *the Third World* came into use during the 1950s when the countries that sided with the western democracies became known as the "First World" and those that sided with the former Soviet Union became known as the "Second World." The countries that sided with neither—most of the poor countries—became known as the "Third World."
- The term *developing countries* will be used in the book. *Be sure students understand that the terms discussed above refer to the same group of countries.*
- The term *Latin America* will be used in the book for countries in Central America, South America, and the Caribbean Sea.

Still looking at the inside front cover ask the following questions:

- On what continents are most of the developing countries located?
- What is the total population of the world?
- What proportion of the world's population lives in developing countries?
- What proportion of the world's countries are developing countries?

2.2 Direct students' attention to the map inside the back cover of *The Developing World*. Have them locate on the map the countries mentioned in the video shown in Lesson 1 (see the list on page 14).

2.3 Read aloud, or have a student read aloud, the Foreword to *The Developing World* (page 3). Then discuss these questions:

- What do you think the book means when it says that the developing world is "your world"?
- What do you think makes the developing world promising? What makes it uncertain?
- What does "economic" mean? (It refers to activities that pertain to making a living.)
- What does "economic development" mean?

Direct students' attention to the pictures opposite page 5. Explain that all the pictures were taken in developing countries. Ask them, "What do the pictures tell you about life in developing countries?"

Have students take turns reading aloud pages 1–7 in *The Developing World*. When the reading is completed, ask students, "If you visited a developing country, what things would you see people doing that would look familiar? What would you see that looked unfamiliar?"

2.4 Have students read pages 8–17 in *The Developing World* silently. Distribute Worksheet 4 for students to use as they read.

Homework

2.5
1. Finish reading pages 8–17 in *The Developing World* and complete Worksheet 4.
2. Complete Worksheet 5.

Supplementary Activity

2.6 Have students pick a developing country and plan a trip to it. Have them figure out a route they would follow and name other countries they would visit en route. Have them do research about the developing country and list some places they would visit.

INSIDE DEVELOPING COUNTRIES: II

Objectives

As a result of this lesson, students should be able to:

1. Compare developing countries with industrial countries, referring to the following conditions: (*Activity 3.3.a or 3.3.b*)
   - Amount of poverty
   - Number of farm families
   - Amount of capital
   - Amount of imports
   - Rate of population growth
2. Compare their lives with those of typical teenagers in a developing country, referring to the conditions above. (*Activity 3.5.a or 3.5.b*)

Materials

The Developing World, pages 1–17 (continued)
Worksheet 6: *Comparing Countries: 1*
*Worksheet 7: *If You Lived in a Developing Country . . .*
Worksheet 8: *Locating Countries* (for homework)

Vocabulary (see list for Lesson 2)

Activities

Note: Many people use the term "capital" to mean a fund of money. In this study, however, the term is used as it is in economics: to mean physical goods and human skills that last a long time and increase the ability of people to produce more goods and services.

3.1 Review the homework. Lead a brief discussion of Worksheet 4. In the discussion of capital, have students look at the photographs opposite page 5 of *The Developing World* and identify the items that are capital. Have students locate on a wall map the countries in Worksheet 5.

3.2 Lead a discussion comparing the five characteristics in Chapter One in industrial and developing countries. In discussing poverty, be sure that the following points are brought out:

- Poverty has not been solved in many industrial countries, and it must be a concern of everyone in countries where it still exists.

- In developing countries poverty is much more severe than in industrial countries. Such programs as social security, welfare, and unemployment compensation in industrial countries are not present at all in developing countries.

Either:

3.3.a Distribute Worksheet 6. Have students complete it and discuss it briefly.

3.3.b Have students write a few sentences comparing the five conditions in industrial and developing countries.

3.4 Have students list some things in their lives that would be different if they were typical teenagers living in a developing country. Then distribute Worksheet 7. Have students read it independently, or read it aloud with the class and discuss it. (This worksheet is adapted from a passage in a book by Robert Heilbroner, *The Great Ascent: The Struggle for Economic Development in Our Time*, New York: Harper and Row, 1963.)

Either:

3.5.a Have students write an account of a day in their lives or of a specific experience they might have if they lived in the setting described in Worksheet 7.

3.5.b Lead a class discussion of how students' lives would be different if they lived in a developing country. Use some of the following questions:

- Describe your health, education, house, food, and clothing.
- Where would you live—in a city, a suburb, or the countryside?
- Would your father be employed full-time?
- How would your mother spend her time?
- What would you do all day?
- How would you expect to be earning your living when you were your parents' ages?
- What things would you *not* see that you are used to seeing each day?
- How would limited capital affect your outlook for the future?
- How many brothers and sisters might you have?
- Why might you want to have many children of your own someday?
- Why might you want to move from the countryside to a city?

Homework

3.6 Explain that some industrial and developing countries will be examined in detail in class the next day. Students are to locate these countries on an outline map of the world, using the locator map in *The Developing World*. Tell students that they will be tested on the locations of these countries later in the study. Distribute Worksheet 8; students are to complete it for homework.

COMPARING COUNTRIES

Objectives

As a result of this lesson, students should be able to:

1. Locate selected industrial and developing countries on a wall map of the world (see list below). (*Activity 4.1*)

2. Use statistics to compare industrial and developing countries with reference to: (*Activity 4.5.a or 4.5.b*)
   - Amount of poverty
   - Number of people in agriculture
   - Amount of capital
   - Amount of imports
   - Rate of population growth

3. Use statistics to compare middle-income developing countries and low-income developing countries with reference to the conditions listed above. (*Activity 4.5.a or 4.5.b*)

Materials

The Developing World, pages 18–26
Worksheet 8: *Locating Countries*
Worksheet 9: *An Indian Poem*
Worksheet 10: *Comparing Countries: 2*

Vocabulary

Concepts and terms

adult literacy rate
consumption
gross national product (GNP)
gross national product per capita (GNP per capita)
infant mortality rate
life expectancy
population growth rate

Other words

statistics
per capita
plentiful

Countries

Bolivia
Brazil
Ecuador
Mexico
United States

Germany
former U.S.S.R.

Egypt
Kenya
Malawi
Nigeria

China
India
Indonesia
Japan
Korea, Republic of

Malaysia
Saudi Arabia

Activities

Note: Have the outline, the headings, and the left-hand column of the chart in Activity 4.4 on the chalkboard when students enter the classroom. The chart will be filled in during the lesson.

Additional information for Activity 4.3 and suitable responses to questions on Worksheet 10 are found at the end of the lesson.

4.1 Review Worksheet 8. Have students locate the countries on a wall map of the world. Remind them that they will be tested on the locations of these countries later in the study.

4.2 Distribute Worksheet 9. Have students read the poem and discuss the questions that follow it. Tell them that Rama and Baca are boys' names; Sita is a girl's name. (This worksheet might be used as a writing activity by highly motivated students.)

Explain to students that the pictures in the video and the poem are excellent ways to develop a deeper understanding of poverty. Another way is to study statistics that measure it, as they will do today.

4.3 Refer to the partly completed chart on the chalkboard and remind students that yesterday they compared the conditions listed in the chart in industrial and developing countries. Today they will make more precise comparisons of these conditions by using statistics about the countries they located on their maps.

Have students read aloud pages 18 and 19 in *The Developing World*. To illustrate how GNP per capita is calculated, divide the GNP of Malawi in 1989 by its population:

$$\frac{\$1,475,000,000}{8,200,000} = \$180$$

Have students look at Table 1 briefly; tell them they will look at it again later in the class.

Note: For many of the countries in Table 1, you will notice that if you actually divide the gross national product by the population, the result differs from the GNP per capita reported in the table. This is because (a) all the numbers have been rounded, and (b) the GNP figures were taken from early 1989, while the population and GNP per capita figures were taken from late 1989 to provide the most up-to-date statistics.

Refer to the chart on the chalkboard. Ask students which condition in the chart GNP per capita measures; write GNP per capita in the appropriate space on the chart.

Continue this activity by reading aloud the text above the tables and figures on pages 20–25. After reading the top of each page, have students look at the table briefly; tell them they will look at it again later in class. Then write the statistic discussed on the page in the appropriate space on the chart.

If you wish to illustrate how the statistics are obtained, refer to the information at the end of the lesson.

4.4 Review the chart on the chalkboard to make sure students understand that the statistics in Chapter Two provide precise measurements of the conditions they read about in Chapter One. The completed chart should look like this:

Condition	**Economic or social indicator**
Amount of poverty	GNP per capita, social indicators
Number of farm families	Proportion of workers in agriculture
Amount of capital	Energy consumption per capita
Amount of imports	Value of imports per capita
Rate of population growth	Population data

Either:

4.5.a *In classes that need encouragement in reading and arithmetic:* Distribute Worksheet 10 and do it orally as a class activity. For suitable statements to be written on the worksheet, see those at the end of this lesson.

4.5.b *In classes that can read and do arithmetic independently:* Distribute Worksheet 10. Do the first page orally with the class to be sure the students understand how to proceed. Then organize the students in small groups to complete the worksheet, or have them work independently, discussing the worksheet with their neighbors. Working together will reduce students' anxiety about working with statistics.

Homework

4.6

1. Complete Worksheet 10. Be prepared to discuss it in class.
2. Review for a test on Chapters One and Two in *The Developing World*. There will be no map questions on the test.

Supplementary Activities

4.7 Lead a class discussion of the following questions:

Suppose you had a large amount of money that you wanted to use to help reduce world poverty. Would you divide it among middle-income and low-income developing countries? Or would you concentrate your money in one group of countries? Or would you concentrate it in a single country? (Assure students that there is no "right" answer to this question.)

4.8 Have students choose one of the developing countries in the tables in Chapter Three, do research about it, and prepare a report. The report might deal with one of the following topics or with all of them: the history of the country, its resources, its literature and art, its customs, its leaders in the past and today.

Additional Information for Activity 4.5

Proportion of workers in agriculture

Assume:

$$\frac{\text{1 million workers in agriculture}}{\text{2 million workers in country}} = 0.50, \text{ or } 50 \text{ percent}$$

Per capita energy consumption

Assume:

$$\begin{aligned} \text{170,000 barrels of crude oil} &= \text{23,800,000 kilograms of oil} \\ \text{13,000,000 liters of kerosene} &= \text{11,900,000 kilograms of oil} \\ \text{44,000 tons of coal} &= \underline{\text{28,000,000 kilograms of oil}} \\ &\quad \text{63,700,000 kilograms of oil} \end{aligned}$$

Then:

$$\frac{\text{63,700,000 kilograms of oil}}{\text{10,000,000 population}} = 6.37 \text{ kilograms of oil equivalent per capita}$$

Value of imports per capita

$$\frac{\text{Total value of imports} = \$4{,}550{,}000{,}000}{\text{Population} = 13{,}000{,}000} = \$350$$

Population growth rate (annual)

$$\begin{aligned} \text{Population in January} &= 30{,}000{,}000 \\ \text{Population in December} &= \underline{30{,}600{,}000} \\ \text{Population increase} &= \quad 600{,}000 \end{aligned}$$

Then:

$$\frac{600{,}000}{30{,}000{,}000} = 0.02 \times 100 = 2 \text{ percent}$$

Suitable Statements for Worksheet 10 (Activity 4.5)

5. GNP per capita in industrial countries is many times higher than it is in developing countries.
6. GNP per capita in middle-income developing countries is higher than it is in low-income developing countries.
12. In developing countries, in comparison with industrial countries, many more babies die soon after birth, people live much shorter lives, and many fewer adults are literate.
13. In low-income developing countries, in comparison with middle-income developing countries, more babies die soon after birth, people live shorter lives, and fewer adults are literate.
18. In industrial countries, a much lower proportion of workers is engaged in agriculture than in developing countries.
19. In middle-income developing countries, a larger proportion of workers is engaged in agriculture than in low-income developing countries.
26. Industrial countries have many times more capital than developing countries.
27. Most middle-income developing countries have more capital than low-income developing countries.
31. Industrial countries have many more imports per capita than developing countries.
32. Middle-income developing countries have more imports per capita than low-income developing countries.
39. Population in developing countries is increasing more rapidly than it is in industrial countries.
40. On the average, population is growing more rapidly in middle-income developing countries than in low-income developing countries.

TEST I

During this lesson, students will complete work begun in Lesson 4 and will take a test. There are no new objectives for this lesson.

Materials

Worksheet 10: *Comparing Countries: 2* (continued)
Worksheet 11: *Test I*
Worksheet 12: *Putting New Terms to Work* (for homework)
The Developing World, pages 27–35

Activities

5.1 Lead a discussion of Worksheet 10 and the statements students wrote comparing countries (see suitable statements on the preceding page).

5.2 Distribute Worksheet 11, Test I. The test will take the remaining part of the period.

***5.3** After students complete the test, lead a brief discussion of the second table in Part Two of the test. Explain that the indicators in the table are for actual countries. Country A, the middle-income developing country, is *Tunisia*; Country B, the low-income developing country, is *Tanzania*; Country C, the industrial country, is *Canada*. GNP per capita figures for these countries in 1989 are: Tunisia, $1,260; Tanzania, $130; Canada, $19,030.

Homework

5.4
1. Read *The Developing World*, pages 27–35.
2. Complete Worksheet 12. Students may work in teams on Part Two of the worksheet.

Instructions for Grading Worksheet 11

Part One (18 points)

1. a	10. a
2. c	11. c
3. a	12. b
4. c	13. c
5. b	14. b
6. b	15. a
7. b	16. a
8. a	17. b
9. b	18. a

Part Two (22 points)

1. high—low
   low—high
   high—low
   high—low
   low—high
   high—low
   high—low
   low—high

2.a. (1) middle-income developing country
(2) low-income developing country
(3) industrial country

2.b. (1) $600 or more
(2) less than $600
(3) $6,000 or more

Part Three (10 points)

A good paper would describe many of the following:

Residence in a poor village or an urban slum
Hard work
Poor quality of housing and clothing
Poor health
Inadequate and non-nutritious food
Little education
Little opportunity for a good job
Lack of tools, machinery, and vehicles, and limited ability to import them
Rising population pressure

Part Four (10 points)

A good paper would make some of the following statements:

Developing countries got a late start with modern technology.
Millions of people are in poor health, have little to eat, and have little educational opportunity.
There are not enough jobs.
Many people work in agriculture and are unable to produce much.
There is little physical capital (tools, machinery, and vehicles) or human capital (knowledge and skills) so people cannot produce much.
Few goods and services can be imported.
Populations are increasing, so what little there is must be divided among more people.

Grading

Part One	18 points
Part Two	22 points
Part Three	10 points
Part Four	10 points
Total	60 points

Suggested scale

60–54	A
53–48	B
47–41	C
40–35	D
34–0	F

THE WHYS AND HOWS OF ECONOMIC DEVELOPMENT

Objectives

As a result of this lesson, students should be able to:

1. Summarize the changes that led to high standards of living in Europe and North America after the 1700s and explain why similar changes are taking place in developing countries today. *(Activity 6.1)*

2. Apply the following concepts to specific situations in developing countries: *(Activity 6.2)*
   economic growth
   economic equity
   increased productivity
   increased opportunity
   investing
   saving

3. Explain why countries must make choices among development activities when they engage in economic development. *(Activity 6.3a or 6.3b)*

Materials

The Developing World, pages 27–35
Worksheet 12: *Putting New Terms to Work* (continued)
Worksheet 13: *Making Choices*
*Worksheet 14: *What Would You Do If . . .?*
Worksheet 15: *Development Activities 1* (for homework)

Vocabulary

Concepts and terms

consumer goods and services
economic growth
economic equity
investing
private sector
productivity
saving

Other words

assist, assistance
illiterate
interest
natural resources
obligation
opportunity
postpone
sacrifice
squalor
vicious circle

Country

Sri Lanka (in classes that use Worksheet 14)

Activities

Note: Most people are accustomed to using the term "investment" for the purchase of stocks and bonds. In this study, however, the term is used as it is used in economics, to mean spending on goods and services that increase the ability of people to produce more.

6.1 Review Part One of Worksheet 12 briefly with the class. Then lead a discussion of the following general questions.

- Why is economic development taking place now in developing countries? (Help students to recall the historical information in their reading.)
- What two things must happen if living conditions are to improve? (Growth with equity must occur; productivity and opportunity must increase.)
- How do growth and equity get started? (by saving and investing)
- Why are governments important in economic development?
- What role can the private sector play?

6.2 Lead a class discussion of Part Two of Worksheet 12. Have students give reasons for the choices they made in answering each question.

Either:

6.3.a *In classes that need encouragement in doing arithmetic:* Distribute Worksheet 13 and do it as a class activity. After completing the worksheet, ask, "Why do countries have to make choices when they engage in economic development?" Students should be able to respond that the needs of developing countries are very great but that their resources are limited.

6.3.b *In classes that can read and do arithmetic independently:* Organize students into small groups and distribute Worksheet 13. Have each group work out an investment plan and present it to the class. Discuss the various plans. At the end of the discussion, ask "Why do countries have to make choices when they engage in economic development?" (See the comment in 6.3.a.)

***6.3.c** *In classes with highly motivated students:* Have students do Worksheet 14 as a role-play. Distribute the worksheet and divide the class into small groups. Each group will represent a group within the Ministry of Planning of Sri Lanka. Have the groups work together for about 15 minutes. Then convene the meeting and have each group present its position. At the end of the discussion, ask students to explain why countries must make choices when they engage in economic development (see 6.3.a, above).

Homework

Either:

6.4.a Explain that Chapter Four in *The Developing World* describes activities in which developing countries engage to advance economic development and presents stories that show how these activities change people's lives. Have students read *The Developing World*, pages 36–47 and complete Worksheet 15.

6.4.b Explain as in 6.4.a. This assignment omits Worksheet 15.

1. Read *The Developing World*, pages 36–47.
2. Be able to locate the places mentioned in the stories.
3. Be able to discuss the following questions:
   - How do the two sets of activities described in the reading help to improve living conditions in developing countries?
   - What choices do individuals in the stories have to make? What choice would you make? Why?

Supplementary Activity

6.5 After Activity 6.1, lead a class discussion on one of the following questions:

- What are some of the problems that arose while industrialization and other changes were taking place in Europe between 1700 and 1900? What steps might developing countries take to avoid these problems as they become more industrial?
- What are some of the features of life today in industrial countries that developing countries might want to avoid as they develop their economies? What steps might they take to avoid these features?

ACTIVITIES OF ECONOMIC DEVELOPMENT: I

Objectives

As a result of this lesson, students should be able to:

1. Give reasons why increasing physical infrastructure and increasing industrial production contribute to economic development and give several examples of each activity. (*Activities 7.1 and 7.3*)
2. Illustrate how economic development changes people's lives in developing countries by giving examples from the stories of an Indonesian woman and a Costa Rican man. (*Activities 7.2 and 7.4*)
3. Locate Jakarta (Indonesia) and San José (Costa Rica) on a map of the world. (*Activities 7.2 and 7.4.*)

Materials

The Developing World, pages 36–47
Worksheet 15: *Development Activities: 1* (continued)
Worksheet 16: *Development Activities: 2* (for homework)

Vocabulary

Concepts and terms

industrial production
physical infrastructure

Other words

afflict
densely populated
facilities
hydroelectric power
industrialize
manufactured goods
petrochemical plants
rural areas
water tap

Countries

Costa Rica

Indonesia

Pronunciation

Jakarta juh-*car*-tuh
San José san hoh-*zay*

Activities

Note: Collect Worksheet 15 to be checked. Then proceed with the activities below.

7.1 Lead a class discussion of the following questions about increasing physical infrastructure.

- What examples can you give of physical infrastructure?
- Why does increasing physical infrastructure help with economic development?

7.2 Before discussing the story about the Indonesian woman, explain to students that there is no "right" answer to the question "What would you do if. . .?" asked in each of the stories in this chapter. The purpose of the stories is to help students understand how economic development affects people and how it changes their lives, making their lives easier in some ways, more difficult in others.

Have students locate Jakarta, Indonesia, on a wall map of the world.

Lead a discussion of the story of the Indonesian woman. Use these questions:

- What kinds of physical infrastructure are involved in the story?
- What choice does the Indonesian woman face?
- What reasons might she have for and against each project?
- What choice would you make if you were she? Why?

7.3 Lead a class discussion of the following questions about increasing industrial production.

- What kinds of products are being manufactured in developing countries?
- In what ways does increasing industrial production help with economic development?
- What must a developing country do if it wants to increase industrial production and at the same time help rural people?
- How might increasing industrial production affect the environment?

7.4 Have students locate San José, Costa Rica, on a wall map of the world.

Remind students that there is no "right" answer to the question "What would you do if . . . you were the Costa Rican businessman?" Lead a discussion of the story using these questions:

- How is the story an illustration of increasing industrial production?
- What choice does the Costa Rican man face?
- What reasons might he have for setting up the cannery? for setting up the vocational school?
- What choice would you make if you were he? Why?

7.5 Ask students to recall the changes that economic development is bringing about in people's lives (cited on page 37).

- Relationships are changing.
- Values are being challenged.
- People must make new choices.
- People must take new risks.

Students have given examples of new choices that must be made by the Indonesian woman and the Costa Rican man. Ask them to give an example from each story of the other changes.

7.6 Have students begin the homework assignment. Explain that everyone in the class will read the descriptions of three development activities in *The Developing World*, pages 48–63, and one story—about a Philippine boy, a Uruguayan woman, or a Bolivian girl. Divide the class into groups and assign each group one of the stories. Explain that in class the next day the groups will meet and plan a presentation of the story which they will make to the class.

Distribute pages 1–2 or page 3 of Worksheet 16. Have students begin the reading.

Homework

Either:

7.7.a Finish reading pages 48–63 in *The Developing World* and complete Worksheet 16.

7.7.b This assignment omits pages 1 and 2 of Worksheet 16.

1. Read the descriptions of development activities in *The Developing World*, pages 48–63.
2. Be able to discuss the following question: How do the three sets of activities described in the reading help to improve living conditions in developing countries?
3. Complete Worksheet 16, page 3.

Supplementary Activity

***7.8** Have students identify other changes that economic development is making in people's lives, in addition to those identified on page 37 of *The Developing World* and listed in Activity 7.5. Have them illustrate these changes in the lives of the Indonesian woman and the Costa Rican businessman.

Students may continue this activity by identifying additional changes and illustrating them from the other stories in Chapter Four.

ACTIVITIES OF ECONOMIC DEVELOPMENT: II

Objectives

As a result of this lesson, students should be able to:

1. Give reasons why increasing agricultural production, increasing foreign trade, and educating and training people contribute to economic development and give examples of each activity. (*Activity 8.1*)
2. Illustrate how economic development changes people's lives in developing countries by giving examples from the lives of a Philippine boy, a Uruguayan woman, and a Bolivian girl. (*Activity 8.2*)
3. Locate on a map of the world: Manila (Philippines); Montevideo (Uruguay); and La Paz (Bolivia). (*Activity 8.2*)

Materials

The Developing World, pages 48–63
Worksheet 16: *Development Activities: 2* (continued)
Worksheet 17: *Development Activities: 3* (for homework)

Vocabulary

Concepts and terms

agricultural production
foreign trade
human capital

Other words

bauxite
colonial times
crop yields
employment opportunities
extension workers
irrigation systems
llamas
meager
poncho
phosphate
tannery
tenant farmers
vocational training

Countries

Philippines

Uruguay
Bolivia

Pronunciation

Montevideo mahn-tay-vee-*day*-oh
Paysandu pay-*sahn*-doo
La Paz luh *pahz*
Titacaca tit-ee-*cah*-cah

Activities

Note: Collect Worksheet 16, pages 1 and 2, to be checked. Then proceed with the activities below.

8.1 Lead a discussion of the following questions:

Increasing agricultural production

- Why do developing countries want to increase agricultural production?
- What steps are they taking to do so?
- How might increasing agricultural production affect the environment?

Increasing foreign trade

- Why do developing countries want to increase their foreign trade?
- Would you say that exports are more important to developing countries than imports? Or are imports more important? Or are both equally important?
- What are developing countries doing to increase their exports?

Educating and training people

- Why do developing countries need to educate and train people?
- What steps are they taking to do so?
- What risk does a developing country run in educating and training individuals?

8.2 Have groups assigned the same story meet for 10 minutes to plan their presentations to the class. The presentations should follow the order of Questions 1–6 on page 3 of Worksheet 16. (The class will discuss Question 7 later in the period.) Students should plan presentations that take no longer than 5 minutes.

Have each group present its story to the class. Remind students that there is no "right" or "wrong" choice for the people in the stories. Lead a brief discussion after each presentation.

8.3 Ask students to recall the ways economic development is changing peoples' lives (for example, relationships are changing, values are being challenged, people are making new choices and taking new risks).

In their presentations, students have given examples of making new choices. Ask them to give examples of other changes in the lives of the individuals whose stories they read. They may refer to the answers they gave to Question 7 on Worksheet 16.

Homework

Either:

8.4.a Read *The Developing World*, pages 64–71, and complete Worksheet 17. Ask for two teams of volunteers to do 5-minute role-plays in class the next day based on the stories in the reading. The role-plays are to bring out the choices to be made and the reasons for and against each option; they must include a decision.

8.4.b This assignment omits Worksheet 17.

1. Read *The Developing World*, pages 64–71.
2. Prepare to discuss the following questions:
   - How do the two sets of activities described in the reading help to improve living conditions in developing countries?
   - What choices do the individuals in the stories have to make? What might their reasons be for each option? What choice would you make? Why?
3. Role-play assignment as in 8.4.a.

Supplementary Activity

8.5 Have students continue with Activity 7.8.

ACTIVITIES OF ECONOMIC DEVELOPMENT: III

Objectives

As a result of this lesson, students should be able to:

1. Give reasons why assisting the poorest people and slowing population growth contribute to economic development, and give two examples of each activity. (*Activity 9.1*)
2. Illustrate how economic development changes people's lives in developing countries by giving examples from the lives of an Burkinabe boy and a Kenyan woman. (*Activity 9.3*)
3. Locate Burkina Faso, Côte d'Ivoire, and Kenya on a map of the world. (*Activity 9.2*)

Materials

The Developing World, pages 64–71
Worksheet 17: *Development Activities: 3* (continued)

Vocabulary

Concepts and terms

absolute poverty
family planning

Other words

gulley
maize
millet
nutrition
prestige
scrawny

Countries

Burkina Faso
Côte d'Ivoire
Kenya

Pronunciation

Ouagadougou wah-gah-*doo*-goo
Abidjan ah-bee-*jahn*

Activities

Note: Collect Worksheet 18 to be checked. Then proceed with the activities below.

9.1 Lead a class discussion of the following questions:

Assisting the poorest people

- What things do people who live in absolute poverty lack?
- Why does increasing agricultural production help the poorest people in a developing country?
- What other steps are developing countries taking to help the poorest people?
- How might assisting the poorest people affect the environment?

Slowing population growth

- How does economic development itself help to slow population growth?
- What steps are developing countries taking to slow population growth?
- Why does population growth make economic development more difficult?
- How might slowing population growth affect the environment?

9.2 Have students locate Burkina Faso, Côte d'Ivoire, and Kenya on the map inside the back cover of their books. Have them locate Ouagadougou, Abidjan, and Nairobi, the capital of Kenya, on a wall map of the world.

9.3 Lead a class discussion of the choices faced by the Burkinabe boy and the Kenyan woman. Use the following questions:

The Burkinabe boy

- What efforts to assist the poorest people are described in the story?
- What choice does the Burkinabe boy face?
- What reasons might he have for remaining in Ouagadougou? for going to Abidjan?

The Kenyan woman

- How is the story an illustration of slowing population growth?
- What choice does the Kenyan woman face?
- What reasons might she and her husband have for wanting many children? for wanting fewer children?

9.4 Have students who volunteered to do role-plays present them to the class. Lead a class discussion after each presentation.

9.5 Ask students to give examples from the stories of the Burkinabe boy and the Kenyan woman of changes in relationships, values being challenged, and risks being taken.

Homework

9.6 Prepare for a test. The test will have three parts. In the first part, students will locate the countries located on Worksheets 5, 8, and 15. The second part of the test will deal with the activities of economic development and the third part with the changes economic development is bringing about in people's lives.

Supplementary Activities

Either:

9.7.a Explain that some people feel that economic development brings such rapid change and so many kinds of change that it disrupts people's lives too much to be worthwhile. Such people hold the following opinion (write it on the chalkboard):

"People in developing countries are happy as they are. Economic development destroys their happiness."

Ask the class to select one person from one of the stories they have read. Then ask the following questions:

- What things make that person happy as he/she is?
- What things make him/her unhappy?
- List some changes that are taking place in his/her life as a result of economic development.
- In what ways will the person be better off because of these changes?
- In what ways will he/she be less well off?

Contrast the opinion on the chalkboard with another opinion (write it on the chalkboard):

"Most of the world's people, given the choice, would choose a nutritious diet over hunger, good health over sickness, education over illiteracy, and material comfort over poverty."

9.7.b Ask students to bear in mind the ways economic development is changing people's lives (relationships are changing, values are being challenged, new choices are being made, and new risks taken). Ask them to recall how these changes are affecting the Indonesian woman, the Costa Rican man, the Philippine boy, the Uruguayan woman, and the Bolivian girl. Then lead a discussion of the following questions:

- Do you think the changes in the lives of the people in the stories are making them happier than they used to be? Why or why not?
- Do you think the lives of the people in the stories are changing for the better? Why or why not?

***9.8** Have students continue with Activity 7.8.

TEST II

During this lesson, students will take a test. There are no additional objectives for this lesson.

Materials

Worksheet 18: *Test II*
The Developing World, pages 72–81
Worksheet 19: *Where Will You Get the Money?* (for homework)

Activities

10.1 Distribute Worksheet 18, which is a test.

Homework

10.2 Explain that economic development costs a lot of money. Chapter Five in *The Developing World* explains how developing countries pay for economic development. Read *The Developing World*, pages 73–81, and complete Part One of Worksheet 18. Students may begin the worksheet and work on it together if they have time after the test.

Instructions for Grading Worksheet 18

Part One (25 points)

a. Students should provide numbers for 19 countries.

9 Bolivia	24 Burkina Faso	5 Bangladesh
13 Brazil	29 Côte d'Ivoire	25 China
21 Costa Rica	6 Egypt	22 India
2 Ecuador	3 Kenya	26 Indonesia
18 Guatemala	11 Malawi	7 Korea, Republic of
19 Mexico	27 Nigeria	15 Malaysia
28 Uruguay	12 former U.S.S.R.	30 Pakistan
		4 Philippines
		8 Saudi Arabia

b. Students should provide numbers for 5 countries.

17 Canada	10 France	1 Australia
20 United States	14 Germany	31 Japan
	23 Netherlands	
	16 United Kingdom	

Part Two (14 points)

Development activities	**Examples of activities** (*one* in each space)	**How activities contribute to economic development** (*one* in each space)
Increasing physical infrastructure	Improving roads, ports, railroads, airports; building dams and power lines; enlarging telephone systems and radio and TV networks; providing water and sewers.	Make other development activities possible; provide jobs.
Increasing industrial production	Building small factories producing consumer goods; assembly plant; factories for complex products; steel mills; petrochemical plants; rural factories.	Increase the supply of things people need; provide exports; provide jobs.
Increasing agricultural production	Training farmers in new methods; building irrigation works; providing loans to farmers; creating more farmland; making farmers landowners.	Provide more food; provide jobs for unemployed rural people; use resources more efficiently.
Increasing foreign trade	Producing goods for export; reducing imports; producing a variety of exports.	Exports provide money for imports; imports provide goods a developing country cannot produce.
Educating and training people	Building schools; training teachers; developing new textbooks and curricula; providing vocational training; providing adult education.	Help people acquire knowledge and necessary skills.
Assisting the poorest people	Increasing agricultural production; building rural factories; improving clean water supply and sanitation; providing schools and health care in rural areas and urban slums.	Help people to be more productive.
Slowing population growth	Providing family planning services; encouraging small families; teaching courses on population in schools.	People will receive more goods and services.

Part Three (15 points)

A good paper would describe the choice of *one* of the following individuals, and give *one* specific example of *two* of the following: a change in his/her relationships, a challenge to his/her values, a risk he/she must take.

Individual	*Choice to be made*
Indonesian woman	Resurfacing a road or relocating a water tap.
Costa Rican man	Investing in a cannery or in a vocational school.
Philippine boy	Becoming a farmer or enrolling in a training program.
Uruguayan woman	Enlarging a tannery or returning to Montevideo.
Bolivian girl	Remaining in her village or attending school in La Paz.
Burkinabe boy	Remaining in Ouagadougou or going to Abidjan.
Kenyan woman	Continuing to have children or practicing family planning.

Grading

Part One	25 points
Part Two	14 points
Part Three	15 points
Total	54 points

Suggested Scale	
54–48	A
47–41	B
40–35	C
34–29	D
28–0	F

PAYING FOR ECONOMIC DEVELOPMENT

Objectives

As a result of this lesson, students should be able to:

1. State the principal source of money for economic development and list other sources of funds. (*Activity 11.1*)
2. Compare the records of industrial countries in providing development assistance (foreign aid) to developing countries, referring to the amount provided and the percentage of GNP. (*Activities 11.3.a or 11.3.b*)

Materials

The Developing World, pages 72–81
Worksheet 19: *Where Will You Get the Money?* (continued)
Worksheet 20: *More about Development Assistance*
Worksheet 21: *Exploring Opinions about Development Assistance*

Vocabulary

Concepts and terms

development assistance
foreign aid
[*Note*: These terms may be used interchangeably.]

Other words

borrowers
grant
loan
private companies
volunteers

Countries

Canada
Cuba
United States
Australia
New Zealand

Countries (continued)

Austria
Belgium
Denmark
Finland
France
Germany
Italy
Netherlands
Norway
United Kingdom
former USSR
Sweden
Switzerland
Japan
Iraq
Kuwait
Qatar
Saudi Arabia
United Arab Emirates
Viet Nam

Activities

Note: Some additional information that may be of help during this lesson is found at the end of the lesson.

11.1 Lead a short discussion of Part One of Worksheet 19. Compose an outline on the chalkboard during the discussion. The outline might be as follows:

I. The principal source of money for economic development: the developing country itself
   A. Government funds
   B. Private individuals, companies, and banks.

II. Other sources of money for economic development
   A. Governments of other countries
      1. Industrial countries—countries in North America and Europe, and Japan
      2. The Middle Eastern oil-exporting countries
   B. International organizations
      1. The United Nations
      2. The World Bank
      3. Regional development banks
   C. Private banks and companies in industrial countries
   D. Other organizations

11.2 Do Part Two of Worksheet 19 as a class activity. Permit students to refer to their books to answer the questions if necessary.

Either:

11.3.a *In classes that need encouragement in reading and in doing arithmetic*: Distribute Worksheet 20 and do it orally as a class activity. As you discuss questions 4, 5, 10, and 11, assure students that there are no "right" answers. Suitable responses to these questions and to others on the worksheet follow Activity 11.3.b.

Students may find instruction 9 difficult. Do the arithmetic with them, using a calculator. For example:

United States $\frac{\$7,676,000,000}{4,023,000,000} = 1.9 = 1^{9}/_{10}$ = almost two times

France $\frac{\$7,450,000,000}{752,000,000} = 9.91 = 9^{9}/_{10}$ = almost ten times

and so on.

11.3.b *In classes that can read and do arithmetic independently*: Distribute Worksheet 20. Have students work in teams or small groups. Read the paragraph at the top of the worksheet to be sure that students understand it. Tell students that there are no "right" answers for questions 4, 5, 10, and 11.

Suitable statements on Worksheet 20:

4. They may believe strongly that they should assist developing countries; they may think that strengthening developing countries will benefit themselves; they may want to trade with developing countries.
5. They have severe economic problems; they may believe less strongly than they used to that they should assist developing countries; they may not think that strengthening developing countries will be of benefit to themselves.
10. Same as 4.
11. Same as 5.
13. In terms of dollar amounts, industrial countries provided seven times more development assistance in 1989 as they provided in 1965.
14. Ten industrial countries (more than half of the total number) provided a higher percentage of GNP for development assistance in 1989 than in 1965; four industrial countries provided a lower percentage.
15. In 1987 Americans spent more than half as much on flowers and plants as they spent on development assistance in 1987. They spent somewhat more on sporting goods, bicycles, and jewelry. They spent more than twice as much on liquor and on radio and television sets.

Homework

11.4

1. *Read The Developing World*, pages 82–91.
2. Be prepared to discuss the following questions in class the next day:
   - What evidence is there in Chapter Six that economic development is succeeding?
   - What evidence is there that it is failing?

*3. Volunteers may conduct a debate in class the next day on the following proposition:

Resolved: The successes of economic development outweigh its failures.

Supplementary Activities

11.5 Explain that people have many different opinions about development assistance and that the class will examine some of these opinions now. Distribute Worksheet 21.

Have students complete the worksheets independently. Then lead a class discussion of the opinions given. Ask students to use information acquired during the lesson to support or refute the opinions.

11.6 Students who like to do arithmetic might wish to solve the following problems.

1.a What percentage of the total amount of development assistance in 1965 was provided by the United States? (Divide the U.S. amount by the total amount; convert the decimal to a percentage; 62%)

1.b What percentage of the total amount of development assistance in 1989 was provided by the United States? (16%)

1.c What reasons can you think of that explain why this percentage has changed so much since 1965?

2. If the United States provided the same percentage of its GNP for development assistance as Norway provided in 1989, what would the amount be? (Convert Norway's percentage of GNP in Table 4 to a decimal [0.01] and multiply by U.S. GNP in Table 1, page 19. Answer: $52,377,070,000, or almost seven times more assistance than the United States actually gave.)

3. Calculate the development assistance per capita in 1989 of the six countries that provide the largest amounts (see Worksheet 20, no. 8). (Divide the amount of development assistance by population. The populations of the United States, Germany, and Japan in 1989 are given in Table 3, page 25; the populations of the other countries are: France, 56,200,000; United Kingdom, 57,200,000; Italy, 57,500,000.)

Answers:

United States	$ 50.85	Italy	$62.83
France	132.56	Japan	72.70
Germany	79.82	United Kingdom	45.23

4. What proportion of each dollar paid to the U.S. government in taxes in 1989 was spent on development assistance? (Divide the amount of development assistance by total tax revenue in the year: $618,000,000,000. Source: U.S. Department of the Treasury Bulletin, 1990.)

11.7 You may wish to lead class discussions of the following questions:

1. If developing countries pay 80 percent of the cost of economic development, why do they need money from all the other sources mentioned in Chapter Five?

   If students cannot answer this question, explain that many development activities require the currency of other countries. Activities that require foreign currency—importing capital goods and energy, and acquiring expert advice—can be paid for only by exports, by borrowing, or by grants and loans from industrial countries. Developing countries do not export enough to pay for all they need. Money from the other sources mentioned in Chapter Five enables them to acquire more of these things.

2. With so many sources of money to pay for economic development, why are developing countries still so poor?

   Students should be able to respond that the needs of developing countries are very great and that the money available to help them, although very great, is not nearly enough.

3. If living conditions in developing countries are to improve more rapidly, where could more money come from?

   Students might respond that more money could come from all the sources listed in the chapter.

Additional Information for Lesson 11

The information given below may be helpful in answering questions that arise during the lesson.

- *U.S. foreign aid.* Foreign aid from the United States is provided by annual legislation of the U.S. Congress. Funds provided in the Foreign Aid Bill pay for the work of the U.S. Agency for International Development (USAID). They also pay for the Food for Peace program, help to pay the costs of the United Nations, and provide some of the funds used for lending by the World Bank and the regional development banks.

- *The World Bank and the regional development banks.* These banks are generally similar in their financial structure, but The World Bank is much larger than the other banks. It is the largest single source of finance for economic development in the world.

  Funds loaned by these banks come from three sources. The first source is the membership fees paid by member countries when they join the banks. The second source is money acquired by selling bonds on the world's money markets. Loans which draw on these sources are made mainly to middle-income developing countries, carry interest rates that are less than the interest rates charged by commercial banks, and must be repaid in 15 to 20 years.

The third source is voluntary annual appropriations from the legislatures of the rich countries. Loans that draw on these funds are made to low-income developing countries. A small administrative fee is charged on these loans, but no interest is charged. The repayment period is 35 to 40 years.

- *The International Monetary Fund* is the sister institution of the World Bank. Founded in 1946, it assists with economic development indirectly. It does not make long-term loans for specific development projects as the World Bank does. Instead, it makes short-term loans to both industrial countries and developing countries to help them cope with temporary difficulties in paying for imports and making payments on their foreign debts.

THE EFFECTS OF ECONOMIC DEVELOPMENT: I

Objectives

As a result of this lesson, students should be able to:

1. Give examples of ways in which living conditions in developing countries have improved since 1965, referring to: (*Activities 12.1 and 12.2.a or b*)
   - GNP
   - GNP per capita
   - Value per capita of exports and imports
   - Social indicators
   - Population data.
2. Summarize some problems that economic development has failed to solve. (*Activity 12.3*)
3. Express their opinions about the success or failure of economic development and use information acquired during the lesson to support their opinions. (*Activity 12.4.a, b, or c*)

Materials

The Developing World, pages 82–91
Worksheet 22: *Analyzing Statistics*
Worksheet 23: *Changes in GNP per Capita in Selected Developing Countries*
*Worksheet 24: *Comparing Foreign Trade in Developing and Industrial Countries*

Countries

Afghanistan

Algeria
Nigeria

Peru

Activities

Note: Point out to students that the tables and figures in Chapter Six compare amounts of money in 1960 and 1989. Inflation has changed the value of money since 1960, so the figures for 1960 have been adjusted to make them comparable to those for 1989.

12.1 Lead a class discussion of the first question students were to consider for homework: "What evidence is there in Chapter Six that economic development has been a success?" Use the following questions:

- What statistics are presented in the chapter?
- How has each changed?
- What does each statistic indicate about improved living conditions?
- How does the progress in low-income developing countries compare with that in middle-income developing countries?
- What does Figure 7 indicate?
- What does the diagram on page 85 show?

A chart like the one below might be developed on the chalkboard during the class discussion.

Statistic	Change since 1960	Changes in living conditions indicated by statistics
GNP	Increase	People have more of the things they need and want.
GNP per capita	Increase	People have more income. More people have jobs.
Value of exports per capita	Increase	People have more jobs producing more things for export.
Value of imports per capita	Increase	People have more tools and machines and are using more energy and raw materials.
Social indicators	Improvement	More babies are surviving. People are in better health and are living longer. More people are being educated.
Population data	Increase	People are healthier. The need for goods and services will increase in the future.

Either:

12.2.a Worksheet 22 is a class activity in which students will analyze the statistics in Chapter Six and formulate generalizations. It is designed for students who have had little experience in drawing generalizations from data. Activity 12.2.b is designed for students who have had more such experience. Activity 12.2.a will take longer than Activity 12.2.b.

Instructions for teachers are found on pages 133–34 of this book. Duplicate only the worksheet pages for students.

12.2.b Explain that students are going to analyze the tables and figures in Chapter Six and discuss generalizations about them. Tell them to refer to tables or figures as indicated below. Read the generalizations or write them on the chalkboard. Have students correct false generalizations.

1. Table 5, page 84

   GNP increased in all but a few developing countries between 1960 and 1989.

   (False. GNP has increased in all developing countries.)

2. Table 5, page 84

   GNP tripled or more in all but one developing country between 1960 and 1989.

   (True)

3.a. Table 5, page 84

   GNP per capita increased in all but one developing country between 1960 and 1989; it tripled or more in two of them.

   (True)

3.b. If GNP has increased so much in most of these countries, why hasn't GNP per capita increased more than it has?

   (Populations are growing rapidly.)

4. Tables 6 and 7, pages 86 and 87

   Foreign trade increased in most of the developing countries between 1960 and 1989.

   (Students will note that the value of exports and of imports declined in Nigeria, India, Kenya, Bolivia, Egypt, and Brazil. Explain that exports and imports increased in these countries between 1960 and 1989 but that population increased so much that the per capita data fail to reflect the increases. Tell them that other conditions also contributed to the decline and that similar situations exist in other developing countries, as well. The generalization is thus true.)

5. Figure 6, page 88

   Social indicators are improving in all developing countries.

   (True)

6. Figure 6, page 88

   Social indicators are improving in all developing countries at about the same rate.

   (False. GNP per capita is improving more rapidly in middle-income than in low-income countries; adult literacy is increasing more rapidly in low-income than in middle-income countries; infant mortality is decreasing and life expectancy is increasing at about the same rate in both groups of countries.)

7. Figure 7, page 89

If living conditions are to continue to improve in developing countries, population increase must slow down and economic development must increase.

(True)

Have students refer to Figure 5, page 85. Ask them, "Where on the diagram do you think low-income countries are? Where are middle-income countries?"

Explain to students that the countries in Chapter Six are representative of all developing countries. The generalizations they have discussed are true for all developing countries.

12.3 Lead a discussion of the second question students were asked to consider for homework: "What evidence is there in Chapter Six that economic development has been a failure?" Use the following questions:

- What problems have not yet been solved by economic development?
- Which of these problems do you think is the most serious?
- What specific steps do you think might be taken to solve each problem?

Either:

12.4.a Lead a class discussion of the following question: "When you consider what economic development has achieved and the problems that remain to be solved, do you feel that it is succeeding or failing?" During the discussion, have students use information they have acquired during the lesson to support their views.

***12.4.b** Have students who volunteered at the end of Lesson 11 present their debate on the following proposition:

Resolved: The successes of economic development exceed its failures.

When the debate is finished, ask the class to cite any arguments on either side of the debate that the debaters failed to mention.

12.4.c Review the achievements of economic development and the problems it has failed to solve. Ask students to write a paragraph answering the following question: "Do you think that economic development is succeeding or failing?" Tell them to give reasons for their answers.

A good paper would mention as evidence of success growth in GNP, GNP per capita, and foreign trade and improved social indicators. It would cite as evidence of failure the continuing needs of the absolute poor and women and the slow progress of low-income developing countries. The paper might argue that economic development is succeeding or that it is failing.

Homework

12.5 Explain that today's lesson has dealt with the effect of economic development on developing countries. The next lesson will deal with its effect on industrial countries.

1. Read *The Developing World*, pages 92–99.
2. Look at home and in stores to draw up a list of five things that were produced in a developing country, such as food items, clothing, and electronic equipment. (Remember that Japan is an industrial country.)

Supplementary Activities

12.6 For students who need practice in making graphs, distribute Worksheet 23.

12.7 To remind students of the contrasts between living conditions in developing countries and industrial countries, despite the achievements of economic development, make a chart on the chalkboard like the one below. Use data from Chapter Two. Put data for a low-income developing country in column 1, for a middle-income developing country in column 2, and for an industrial country in column 3. Have the outline, headings, and left-hand column of the chart on the chalkboard when students enter the classroom.

	(1)	(2)	(3)
GNP per capita			
Infant mortality rate			
Life expectancy			
Adult literacy			
Proportion of farm families			
Energy consumption per capita			
Value of imports per capita			
Population growth rate			

***12.8** To demonstrate the contrast between the amount of foreign trade in industrial and developing countries, have students complete Worksheet 24. Suitable statements to be written as item 3 on the worksheet are as follows:

1. The amount of foreign trade increased much more in industrial countries than in developing countries between 1960 and 1989.
2. Foreign trade in industrial countries is many times greater than in low-income developing countries and much greater than in middle-income developing countries.

THE EFFECTS OF ECONOMIC DEVELOPMENT: II

Objectives

As a result of this lesson, students should be able to:

1. Give examples of the dependence of industrial countries on developing countries, referring to imports, exports, and jobs related to exports and economic development. (*Activities 13.1 and 13.2*)
2. Give examples of the dependence of developing countries on industrial countries and explain why developing countries are concerned about this dependence. (*Activities 13.3 and 13.4*)

Materials

The Developing World, pages 92–97
Worksheet 25: *What Are Developing Countries Worried About?*
*Worksheet 26: *How Might Economic Development in Developing Countries Affect Employment in Industrial Countries?*

Activities

Note: Have the outline and headings for the chart in Activity 13.1 on the chalkboard when students enter the classroom.

13.1 Ask students what the term "interdependence" means. To illustrate the dependence of industrial countries on developing countries, lead a discussion of the following questions. Fill in the chart during the discussion. Items in the chart completed during class discussion need not be grouped as they are in the chart below.

- What do industrial countries depend on that developing countries supply? What do they import from developing countries?

  Students should list the items they identified for homework and recall items mentioned in their reading. Write the responses on the chart.
- What do industrial countries export to developing countries?

  Students should recall the items mentioned in their reading and other items. Write their responses on the chart.
- How do people in industrial countries depend on exports to developing countries?

  Students should recall that many people have jobs producing exports and performing services in developing countries. Ask students to list such jobs; write them on the chart.

Imports from developing countries	Exports to developing countries	Jobs related to exports and economic development
Fuel and raw materials Oil Bauxite Tin and copper Food Coffee Tea Sugar Consumer goods Clothing Sport equipment Leather products Radios TV and stereo sets	Agricultural products Rice Wheat Capital goods Tractors and combines Bulldozers and cranes Trucks Locomotives Transformers Industrial machinery Business machines	Producing agricultural products On farms At storage facilities In transport Producing capital goods In factories In transport Oil refining Airplane manufacturing Appliance manufacturing Electrical wire production Rubber products Packing and distributing consumer goods Electric generators Expert assistance Research Factories in developing countries

13.2 As a further illustration of the dependence of industrial countries on developing countries, explain that many Americans hold the view that the United States depends only on some of the oil-exporting countries. Have students refer to Table 8 on page 93. Ask them, "How does the information in this table support or refute this view?"

Ask students which industrial countries depend most on trade with developing countries. Make pie charts on the chalkboard to illustrate the percentage of exports to and imports from developing countries in Japan and the United States.

Help students to formulate the following statement about the trade of the United States with developing countries. "The trade of the United States with developing countries amounts to about 40% of its exports and more than 40% of its imports." Tell students they are to remember this statement: it will appear on their final test.

13.3 To illustrate the dependence of developing countries on industrial countries, lead a discussion of the following questions:

- What do developing countries need that industrial countries supply? What do they import from industrial countries?

  Students should be able to recall food, capital, consumer goods, and expert advice and give examples of each.

- Why are developing countries worried about their dependence on industrial countries?

  Students should be able to recall the need of developing countries to export to industrial countries, to receive development assistance, and to have access to natural resources.
- Have students speculate briefly on the following questions from Chapter Six.

  What will happen to developing countries if industrial countries buy fewer of their products?

  What will happen in developing countries if industrial countries reduce development assistance?

  What will happen in developing countries as the world's supply of natural resources is reduced?

13.4 To help students better understand why developing countries are worried by their dependence on industrial countries, distribute Worksheet 25. Organize the class into small groups to do the worksheet. When the worksheet has been completed, lead a discussion of the questions at the end of it.

13.5 Lead a discussion of the following questions:
- What conditions in the world economy today are discussed at the end of Chapter Six?
- How do these conditions affect developing countries?
- Do you think that increased interdependence is an advantage to developing countries today, or a disadvantage? Is it an advantage to industrial countries, or a disadvantage?

Homework

13.6
1. Read *The Developing World*, pages 98–99.
2. Be prepared to discuss the following questions in class the next day:
   - How does economic development affect you *today*?
   - How is it likely to affect you in the future?
3. Begin to prepare for a test. Review the concepts and terms listed in the glossary on pages 100 and 101 of *The Developing World*.

Supplementary Activity

***13.7** Worksheet 26 is a game that will help students understand how economic development might affect employment in industrial countries. Instructions to teachers for managing the game are on page 165 of this book.

REFLECTING ON ECONOMIC DEVELOPMENT

Objectives

At the end of this lesson, students should be able to:

1. Give examples of how economic development affects them today and how it may affect them in the future. (*Activity 14.2*)
2. Express their opinions about economic development and use information acquired during the study to support these opinions. (*Activity 14.4*)
3. State the main questions with which the study has dealt. (*Activity 14.4*)

Materials

Worksheet 27: - *Exploring Opinions about Economic Development*
Video presentation: *Toward A Better World*

Activities

Note: Teachers should preview the video presentation to be shown in this lesson, *Toward a Better World*. The narration is on page 59.

14.1 Have students re-read the Foreword to *The Developing World* (page 3) and refer to the Afterword (pages 96–97). Then lead a discussion of the questions, "In what ways is the developing world one of 'promise'? In what ways is it one of 'uncertainty'?" The following points should be brought out in the discussion:

- The world is promising because living standards in developing countries are rising and greater equity may be achieved in the world.
- The world is uncertain because of the great effort required to bring about greater equity; the countries of the world may not choose to cooperate in this effort.
- The world is uncertain because population is growing so rapidly that people may not be able to maintain or raise their living standards.

Have students speculate briefly about the questions asked in the Afterword.

14.2 Lead a discussion of the question, "How does economic development affect you today?" Students might comment that they use products produced in developing countries.

Continue the discussion with the question, "How is economic development likely to affect you in the future?" The following points might be brought out in the discussion:

- The students may use an increasing number of products from developing countries.

- They may have to begin to use less of the world's resources as more people begin to use more of them.
- Their careers may be related to economic development: they may work for companies that produce exports, for companies that operate in developing countries, for organizations that run programs in developing countries, or as experts on problems affecting developing countries.
- Economic development is another form of equal opportunity, and students might support it just as students have supported movements for equal opportunity of minorities.
- As citizens, a portion of their taxes will support economic development.

14.3 Distribute Worksheet 27 and have students do it in about 5 minutes. Then lead a discussion of the opinions given, asking students to use information acquired during their study to support or refute the opinions.

14.4 Prepare students for viewing the video presentation *Toward A Better World*. Explain that the video will help them review for the test. Explain that it will deal with the main questions covered in their study. Ask them what these questions are. Lead a brief discussion to elicit such questions as these:

- Why is economic development necessary?
- What does it consist of?

14.5 After viewing the video, discuss briefly the questions it deals with. Ask students why they think the title "Toward A Better World" was chosen for the video presentation and for the learning kit they are using.

Homework

14.6 Prepare for a test. The test will cover (a) Chapters Five and Six, and (b) the concepts and terms listed in the Glossary on pages 100 and 101 of *The Developing World*. In addition, students will express their opinions of development assistance (foreign aid) and economic development. They must support their opinions with information acquired during the study.

TEST III

During this lesson, students will take a test. There are no additional objectives for this lesson.

Materials

Worksheet 28: *Test III (A)*
Worksheet 29: *Test III (B)*
*Worksheet 30: *Topics for Research*

Activities

Note: Two tests are provided, Worksheets 28 and 29. Worksheet 29 is more difficult. Teachers must choose which test better suits the class.

15.1 Distribute the worksheet selected for the test. Point out that there are three parts of the test and that students should spend no longer than 15 minutes on each part. While they take the test, tell them after 15 minutes to go on to Part Two; after 15 minutes more, tell them to go on to Part Three.

Supplementary Activities

***15.2** Distribute new copies of Worksheet 1 (see Lesson 1.1) and ask students to complete them. Return their original copies of the worksheet. Ask students to compute their scores for both worksheets and to compare them. Scores will range between +50 and −50, and there will probably be a *lower* score on the second test. Ask several students with calculators to compute a class average for both worksheets.

***15.3** Distribute Worksheet 30 and have students select a topic for research.

Instructions for Grading Worksheet 28

Part One (23 points)

Group A
1. goods and services
2. adult literacy rate
3. industrial countries
4. standard of living
5. life expectancy
6. developing countries

Group B
7. saving
8. foreign aid
9. absolute poverty
10. economic growth
11. physical infrastructure
12. GNP per capita

Group C
13. economic equity
14. capital
15. population growth rate
16. economic development
17. infant mortality rate
18. gross national product

Group D
19. interdependence
20. exports
21. productivity
22. investing
23. imports

Part Two (15 points)

1. b	5. c	8. b	11. c
2. c	6. c	9. a	12. b
3. c	7. b	10. b	13. a
4. b			

Part Three (20 points)

1. (10 points)
Development assistance

A good "yes" paper would make two of the following points:
- Development assistance helps developing countries raise their standards of living.
- It does not cost industrial countries much in comparison with some of their other expenditures.
- Industrial countries get back much of what they provide in foreign aid.

A good "no" paper might make the following points:
- Money spent on foreign aid could be used to reduce poverty at home.
- Foreign aid isn't doing much good for the poorest people in developing countries.
- Foreign aid isn't doing enough to help low-income developing countries.

A "no" paper that cites specific information should receive credit.

2. (10 points)
Economic development

A good paper would make one point from each of the following groups:
- Statistics that show progress:
  Increasing GNP and GNP per capita
  Increasing foreign trade
  Improving social indicators
- Problems that remain
  Absolute poverty
  Little improvement for women
  Slow improvement in low-income developing countries

A paper should receive credit that cites specific information and finds that the problems that remain are greater than the accomplishments of economic development.

Grading

Part One	23 points
Part Two	13 points
Part Three	20 points
	56 points

Suggested Scale

56–50	A
49–44	B
43–38	C
37–33	D
32–0	F

Instructions for Grading Worksheet 29

Part One (26 points)

Across:

2. exports
5. population growth rate
7. expectancy
8. infant mortality
9. equity
10. living
11. investing
12. imports
13. capital
15. gross national product
19. foreign
20. development
24. interdependence
25. absolute poverty

Down:

1. adult literacy rate
3. productivity
4. life
6. infrastructure
14. GNP per capita
16. aid
17. services
18. saving
21. produce
22. growth
23. industrial

Part Two (24 points)

1. (4 points) GNP, GNP per capita, infant mortality rate, life expectancy, adult literacy rate, value of imports, value of exports, population growth rate.
2. (2 points) Governments, businesses, banks, private individuals
3. (5 points) Governments, U.N. agencies (NDP, FAO, ILO, NESCO, NICEF, WHO), World Bank, regional development banks (African, Asian, and Inter-American), private banks, businesses, churches, Peace Corps. (Listing the governments of two industrial countries would be satisfactory for two responses.)
4. (3 points) Norway, Sweden, Denmark, Netherlands, France
5. (2 points) They need to export to them.
   They need to import raw materials.
   People need jobs producing exports.
6. (2 points) They need to import from them.
   They need development assistance.
   They need capital goods.
7. (2 points) 35% exports and 40% imports

8. (4 points) A good "yes" paper would make two of the following points:
   - Development assistance helps developing countries raise their standard of living.
   - It does not cost industrial countries much in comparison with some of their other expenditures. Industrial countries get back much of what they provide in foreign aid.

   A good "no" paper might make the following points:
   - Money spent on foreign aid could be used to reduce poverty at home.
   - Foreign aid isn't doing much good for the poorest people in developing countries.
   - Foreign aid isn't doing enough to help low-income developing countries.

   A "no" paper that cites specific information should receive credit.

Part Three (15 points)

A good paper would make many of the following points:

Statistical data show progress:
GNP and GNP per capita are increasing.
Foreign trade is increasing.
Social indicators are improving.

Interpretation of statistical data:
People in the developing countries have more of the things they need.
Developing countries have more capital, so people can produce more.
People are healthier and are receiving more education.

Problems to be solved:
More than a billion people still live in absolute poverty.
Low-income countries are improving very slowly.
Women in many developing countries are not much better off.
World economic conditions are slowing economic development.

A paper should receive credit that cites specific information and finds that the problems still to be solved are greater than the accomplishments of economic development.

Grading

		Suggested scale	
Part One	26 points	65–59	A
Part Two	24 points	58–52	B
Part Three	15 points	51–45	C
	65 points	44–39	D
		38–0	F

SCRIPT FOR VIDEO SLIDE PRESENTATION 1: SOME BIG QUESTIONS

(Time: 10:50)

Frame and video image	Audio
1 TOWARD A BETTER WORLD **World Bank Educational Materials**	
	FIRST VOICE (MALE)
2 **The planet earth in space**	A world with more than five billion human beings. Four billion of them—four out of five—live in countries that are poor.
3 **The planet earth in space, with text:** SOME BIG QUESTIONS	This fact raises some big questions.
4 **The planet earth in space, with text:** **What does it mean?** **Why is it true?** **What can be done?**	What does it mean to live in a poor country? Why is it that so many countries are poor? What can be done to relieve this poverty?
5 **World map showing industrial and developing countries**	The countries not shaded on this map—more than a hundred—can be called poor countries. Most of them are in Africa, Asia, and Latin America.
6 **Text:** **Developing countries** **Third World** **South**	The poor countries are also called developing countries. Sometimes they are grouped together and called the Third World or the South.
7 **Composite: Woman, India/man, Colombia/ girl, Burkina Faso**	Hundreds of millions of people in developing countries are poor.
8 **Herdsman, Mali**	What does it mean to be a poor person in a developing country?
	SECOND VOICE (FEMALE)
9 **Urban poverty, El Salvador**	If your home is in a city, it may mean that you live in a crowded slum.
10 **Rural view, Pakistan**	If your home is in the countryside, it may mean that you live in a poor village.
11 **Man pushing a cart, Pakistan**	To be poor in a developing country means that you work very hard but may earn very little.
12 **Unemployed men, Brazil**	It means that you may be unemployed.
13 **Child, Burkina Faso**	It means that you may not have enough food to eat, and that what you do eat may not nourish you properly.

Frame and video image	Audio
14 **Women and children carrying water, India**	It means that your water may come from a stream or a river, and that you may have to carry it a long distance to your house.
15 **Village well, Burkina Faso**	It also means that your water probably is polluted.
16 **Children, Guatemala**	To be poor in a developing country means that you are likely to be ill much of the time and may not be able to get good health care.
17 **Woman and child, Ecuador**	To be poor in a developing country means that you probably can't read or write.
18 **School, India**	It means that if you attend school at all, you will probably do so for only a few years.
19 **Girl, Tunisia**	It means that your dreams about the future are clouded by your worries about each day.
20 **Woman and child, Ecuador**	It means that you may have very little hope that your life will improve.
21 **Rural poverty, India**	Most poor people in developing countries have few opportunities. They are born in poverty. They often grow up in poverty. They may die in poverty.
	FIRST VOICE
22 **Repeat of world map showing industrial and developing countries**	The countries shaded on this map—about twenty of them—can be called rich countries. Most of them are in Europe and North America, but they include Australia, Japan, and New Zealand.
23 **Text:** **Industrial countries** **Developed countries** **North**	The rich countries are also called industrial countries, developed countries, or sometimes the North.
24 **Shopping mall, U.S.A.**	In industrial countries, most people are well off. Even those who are poor are well off in comparison with most people in developing countries.
25 **Composite with text:** **Man with grandson/children in Burkina Faso** **Text: 3,500 calories** **2,100 calories**	Compare the calories eaten by the average person in Canada—about 3,500—and in Burkina Faso—about 2,100. Health experts say that human beings need to eat 2,400 calories worth of food each day to stay healthy. So the average person in Burkina Faso receives 300 fewer calories than he or she needs.
	SECOND VOICE
26 **Composite with text:** **Woman with her great granddaughter/baby in Bangladesh** **Text: 77 years** **51 years**	A baby born in France today can expect to live 77 years. In Bangladesh, a newborn child can expect to live only 51 years.

Frame and video image	Audio
	FIRST VOICE
27 **Composite with text: Japanese baby/Malawian baby** **Text: 4 in 1,000** **147 in 1,000**	In Japan, only 4 babies in 1,000 die during the first year of life. In Malawi, 147 babies in 1,000 die in the first year of life.
	SECOND VOICE
28 **Composite with text: Doctor with baby/Indonesian woman with baby** **Text: 1 for 440** **1 for 9,500**	In Australia, there is one doctor for every 440 persons. In Indonesia, there is one doctor for 9,500 persons.
	FIRST VOICE
29 **Composite with text: Dutch teenagers/Kenyan teenagers** **Text: 99%** **23%**	In the Netherlands, virtually 100 percent of the people of high school age are enrolled in school. In Kenya, only 23 percent of the people of high school age are enrolled in school.
	SECOND VOICE
30 **Composite with text: American adult/Colombian adult** **Text: 95%** **12%**	In the United States, 95 percent of the adults can read and write. In Colombia, only 12 percent of the adults are literate.
	FIRST VOICE
31 **Composite with text: British adult/Indian adult** **Text: $15,000** **$400**	GNP per capita in the United Kingdom is about $15,000. In India, it is about $400.
	SECOND VOICE
32 **New York City, U.S.A.**	Why are living conditions in industrial countries . . .
33 **House, Philippines**	. . . so different from living conditions in developing countries? There are many reasons.
34 **Text: Differences in climate natural resources customs history**	Differences in climate, natural resources, and customs all play a part. But one of the most important reasons is historical.
35 **European city in the 1700s**	In the 1700s, life in Europe began to be transformed by the industrial revolution and many other changes—changes in farming, in transportation, in health care, in scientific knowledge, and in other areas of life.

Frame and video image	Audio
36 **Factory in the 1800s**	As a result of these changes, people learned new skills, and they began to work in factories and use better farming methods.
37 **Agricultural production/food/ industrial production/cars on highway**	They were able to produce more of the things they needed, and their standards of living rose. The changes that took place in Europe took place later in North America, Australia and New Zealand, and later still in Japan.
	FIRST VOICE
38 **Man and child, U.S.A.**	By the middle of this century, most people in industrial countries had the highest standards of living in all of human history.
39 **Repeat world map showing industrial and developing countries/dock scene, Brazil**	But the changes that occurred in Europe, North America, and elsewhere did not occur in developing countries—those that are not shaded on this map. Many were colonies and supplied raw materials to the colonial powers but received very little in return.
40 **Spinning mill, Morocco**	Only after the Second World War did modern industry and technology begin to spread to Africa Asia, and Latin America.
41 **Women fetching water, Zambia**	This late start with modern technology is one of the reasons so many people in these parts of the world are poor. But there are other reasons, too.
	SECOND VOICE
42 **Rice fields and farmers, Philippines**	A second reason is that most families in the poorest developing countries earn a living by farming. Life is hard for these farm families . . .
43 **Farmers, India**	. . . because farmers have few tools, because most farms are small and the soil may not be fertile, and because farm prices are often not very high.
44 **Plowing with oxen, Pakistan**	So farm families often produce very little, and their incomes are low.
	FIRST VOICE
45 **Industrial plant, Pakistan/ building a bridge, Gabon**	A third reason developing countries are poor is that they have few factories, machines, buildings, equipment, and vehicles, and little electricity. Such things are called "physical capital."
46 **Shoe factory, Kenya**	Capital enables people to produce more of the things they need to improve their living conditions.
47 **Textile factory, Turkey**	Developing countries have some factories and machines, but not nearly enough . . .
48 **School, Ethiopia**	. . . some buildings and equipment, but not nearly enough . . .

Frame and video image	Audio
49 **Tractor, Syria**	. . . some vehicles, but not nearly enough . . .
50 **Electrical pylon, Yugoslavia**	. . . some electrical power plants, but not nearly enough.
51 **Classroom, Malaysia/ classroom, India**	The knowledge and skills of people are another form of capital—"human capital." Knowledge enables people to produce more and to live better lives.
52 **Adult education, Mali**	Developing countries have some men and women with a basic education, but not nearly enough . . .
53 **Stone cutter, Yugoslavia**	. . . some people with up-to-date knowledge and skills, but not nearly enough . . .
54 **Classroom, Bangladesh**	. . . some teachers and trainers, but not nearly enough.
55 **Port, Tunisia**	If they could import more physical capital from other countries, developing countries could increase their production. They can afford some imports, but not nearly enough. That is a fourth reason for their poverty.
56 **Mother and child, India**	A fifth reason is that traditionally people in developing countries have had to rely on large families to meet their basic needs. So the populations of these countries are increasing rapidly.
57 **Many people**	A bigger population means that more people need more food, clothing, education, and jobs. But all these things are already scarce in developing countries.
58 **Text:** **A late start with technology** **Many farm families** **Little capital** **Few imports** **Little education and training** **Rapid population growth**	Because they began to use modern technology only recently; because so many families make only a meager living in agriculture; because they have little physical capital and can afford few imports; because people need more education and training; and because their populations are growing rapidly—these are some of the reasons so many people in developing countries are poor.
	SECOND VOICE
59 **Planet earth from space**	A world in which hundreds of millions of people are poor; a world in which more than a hundred countries are poor . . .
60 **Planet earth from space, with text:** **What can be done to move toward a better world?**	What can be done to move toward a better world? A world in which everyone has enough food, a suitable house, clean drinking water, adequate health care, and the opportunity to be educated and to get a good job?
61 **City planners, Indonesia, with text:** **What must developing countries do?**	What must developing countries do to produce more of the things their people need, and to see that all their people get a fair share?
62 **New York City, U.S.A., with text:** **What must industrial countries do?**	What must industrial countries do to help developing countries raise the standards of living of their people?

Frame and video image	Audio
63 **Young people, Colombia**	Young people in developing countries are going to deal with these questions during their lifetimes.
64 **Young people, U.S.A.**	Young people in industrial countries are going to deal with these questions, too.
65 **Question marks**	How are you going to deal with them?
66 **Earth from space, with text:** **Produced by the World Bank** **Washington, D.C.** **Copyright ınnn/The World Bank** **1992** **All rights reserved**	

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U.S. Agency for International Development: 56

SCRIPT FOR VIDEO SLIDE PRESENTATION 2: TOWARD A BETTER WORLD

[Time: 10:00]

Frame and video image	Audio
1 TOWARD A BETTER WORLD **World Bank Educational Materials**	
	FIRST VOICE (FEMALE)
2 **Woman, Thailand**	All people have the same needs. But hundreds of millions of us in developing countries cannot meet our needs.
3 **Boys, Ecuador**	We need food that nourishes us properly.
4 **Woman with baby, Nigeria**	We need clean water that is safe to drink.
5 **Girl, Singapore**	We need education and training.
6 **Boy, Nigeria**	We need care when we are ill.
7 **Boy, El Salvador**	We need jobs that provide adequate incomes.
8 **Farmer, Burkina Faso**	Today many of us cannot meet our needs for many reasons. One is that most of our poorest people make a living by farming
9 **Farmer, Ecuador**	and because our farmers do not produce much and farm prices are often low, their incomes are low.
10 **Industrial plant, Colombia**	Another reason is that we do not have nearly enough physical capital—factories, machines
11 **Building a road, Uganda**	trucks, and other equipment—to help us produce the things we need.
12 **Adult literacy class, Burkina Faso**	nor do we have enough human capital—people with a basic education
13 **Industrial worker, Turkey**	and with up-to-date knowledge and skills.
14 **Dock scene, Brazil**	Still another reason is that we cannot afford to import much from other countries.
15 **Woman and children, India**	Added to this, our populations are growing rapidly, so our needs are growing rapidly, too.
16 **Planet earth in space with text:** TOWARD A BETTER WORLD	We want to move toward a better world, one in which we will be better able to meet our needs.
	SECOND VOICE (MALE)
17 **Text:** **Economic Development**	Economic development is the process we are engaging in to make a better life for our people.

Frame and video image	Audio
18 **Garment factory, Egypt/market, El Salvador, with text:** **Increased Production (Economic Growth)**	Economic development involves economic growth which means producing more of the goods and services we need and want.
19 **Man pushing cart, Pakistan/ children, Burkina Faso, with text:** **Fairer Distribution (Economic Equity)**	It also involves economic equity, which means making sure that our poorest people get a fairer share of the goods and services we produce.
20 **Farmer, Burkina Faso/textile factory, Honduras, with text:** **Increased Productivity**	But if we are to produce more, we need better tools and more skills. We need to be more productive.
21 **Bricklayer, Zaire/nurse, Kenya, with text:** **Increased Opportunity**	And our poorest people must have the opportunity to acquire knowledge and skills, be healthier, and have better jobs.
22 **Text:** **Economic development involves . . .** **economic growth** **economic equity** **increased productivity** **increased opportunity**	So economic development involves economic growth and economic equity, and these depend on higher productivity and greater opportunity.
	FIRST VOICE
23 **Composite: port workers, Singapore/factory worker, Gabon/school, Ethiopia**	Economic development consists of many activities.
24 **Road construction, Guatemala**	One of them is to build roads and many other things that lay the groundwork for strengthening our economies.
25 **Railroad construction, Mexico**	railroads, for example
26 **Irrigated field, India**	and dams to supply water for irrigation and generate electricity
27 **Telephone worker, Philippines**	and telephone lines.
28 **Clock factory, India**	This groundwork makes another activity possible — developing industries, which produce some of the things we need, for ourselves and for export, and which provide jobs for us.
29 **Paper mill, Pakistan**	This factory in Pakistan converts wood into paper products.
30 **Spinning mill, Morocco**	This factory in Morocco converts wool into yarn.
31 **Textile mill, Kenya**	This factory in Kenya converts cotton into thread.
32 **Rice field, Philippines/farmer, Philippines**	Another activity is to increase agricultural production so that our people can have more food, and so that our farmers can earn higher incomes.
33 **Farmers, Papua New Guinea**	We are helping farmers to buy new tools and better seeds.

Frame and video image	Audio
58 **Canal construction, India**	We are building canals that carry irrigation water
59 **Extension worker, Burkina Faso**	Extension workers are helping farmers develop better methods
60 **Spraying cattle, Yemen**	and we are improving our livestock
61 **Boy with bananas, Philippines/ port, Tunisia**	Because we are producing more, we can export more. With the money we earn from our exports, we can import more of the energy, machinery, food, and raw materials we need to produce even more
62 **Loading bananas, Ecuador/ port workers, Honduras**	We are exporting more agricultural products, more mineral products, and more manufactured goods
	SECOND VOICE
63 **Doctors, Kenya**	Still another activity of economic development is to increase the knowledge and skills of our people
64 **Engineers, Jordan**	so they can become more productive and earn higher incomes
65 **School, Colombia**	We are building schools and training teachers
66 **Vocational training class, Brazil**	and preparing our young people for work in industry and farming
67 **Adult literacy class, Mali**	We are teaching adults to read and write so that they, too, can acquire new knowledge and skills
68 **Adult education group, Bangladesh**	We are making more use of radio and television to educate our people
69 **Doctor and boy, Burkina Faso**	We are training doctors, nurses, and health workers
70 **Health clinic, India**	and we are building more health clinics and hospitals so our people can have better health care and live more productive lives
	FIRST VOICE
71 **Urban slum, India**	We are also working to improve the living conditions of our poorest people
72 **School, Ecuador**	by building schools and health clinics near them
73 **Woman at pump, Zambia**	by bringing clean water to villages
74 **Urban water tap, Nepal**	and to urban slums
75 **Bus, Kenya**	We are providing transportation to help urban people get to work
76 **Railway station, Egypt**	and to help rural people get their farm products to market towns
77 **Rural workshop, Ecuador**	We are building workshops and small factories in the countryside to provide jobs for people who cannot find work on farms

Frame and video image	Audio
54 **Family planning poster, Philippines**	Another activity of economic development is to slow down population growth. We are encouraging couples to have fewer children.
55 **Rural health clinic, Bangladesh**	To enable parents to plan their families, we are offering family planning services at village health clinics
56 **Family planning class, Ethiopia**	and conducting classes about family planning in hospitals.
	SECOND VOICE
57 **Architects, Indonesia**	Economic development takes a lot of planning, expertise, and hard work. It also takes a lot of money.
58 **Building a bridge, Gabon/ textile workers, Côte d'Ivoire**	We—the people in developing countries—contribute most of the effort and money for economic development.
59 **Flags of many nations**	But we get help from industrial countries, whose governments make grants and loans to our governments.
60 **United Nations buildings, New York, U.S.A.**	Money and expert advice also come to us through international agencies, such as the United Nations
61 **World Bank, Washington, D.C.**	the World Bank, and regional development banks.
62 **Surveying land, Yemen**	Private companies in industrial countries set up operations that provide jobs and training for our people.
63 **Nurse, Malawi**	Churches in industrial countries send people to help build schools and hospitals and train teachers and nurses.
64 **Laboratory worker, Côte d'Ivoire**	Private foundations in industrial countries help us to do research about problems we need to solve.
65 **Public health worker, Indonesia**	Because of all these activities, living conditions in developing countries are improving.
	FIRST VOICE
66 **Furniture factory, Kenya**	Many of us are becoming more productive, and many of us have more opportunities.
67 **Children, Ecuador**	Many of us are healthier and better educated.
68 **Woman and child, Malawi**	Despite this progress, we face severe problems.
69 **Rural view, Pakistan**	Hundreds of millions of our people still live in absolute poverty in poor villages
70 **Urban view, El Salvador**	or in squalid slums, working hard, but earning little.
71 **Unemployed men, Brazil**	Many are unemployed.
72 **Child, Ethiopia**	Hundreds of millions are undernourished.
73 **Mother and child, Bolivia**	often sick.
74 **Woman, Burkina Faso**	They are illiterate.
75 **Village well, Burkina Faso**	and drink polluted water.

Frame and video image	Audio
76 **Market, Korea**	Although some developing countries are making good progress
77 **People and camel, Afghanistan**	most other developing countries are making progress very slowly
	SECOND VOICE
78 **Farmers, Sri Lanka/farm family, Peru**	Still another problem is that it will be many decades before living conditions in most developing countries approach those in industrial countries
79 **Woman and baby, Peru**	Developing countries have 80 percent of the world's population
80 **Port, Senegal**	but account for only 20 percent of the world's production of goods and services
81 **Women carrying pots, Burkina Faso**	Another problem is that not much has been done to improve the lives of many women in developing countries. Our women often have harder lives than men
82 **Boys in school, India**	There are more boys than girls in schools in developing countries
83 **Girls in school, Burkina Faso**	and girls who do go to school usually do not stay there as long as boys
84 **Market, Mexico**	Another problem is that changes in the economies of industrial countries affect our economies. When times are hard for them, times are hard for us
85 **Port, U.S.A.**	If industrial countries buy fewer of our products, we have to reduce our imports or borrow money to pay for them
86 **Planting trees, Ethiopia/ mother with baby, Kenya**	Another concern is that we protect, and renew, our natural resources. This will help ensure a better life not just for ourselves today but for our children, and our children's children, tomorrow
	FIRST VOICE
87 **Farmers, Mexico**	To speed up economic development, we must work even harder
88 **Rural development, Venezuela**	We must cooperate more with each other, and we must get more help from industrial countries
89 **Tractor, Egypt**	As we become better off, people in industrial countries will be better off, too
90 **Port, Papua New Guinea**	They will import our products
91 **New plows, Kenya**	and many of them will have jobs producing things they can export to us

Frame and video image	Audio
92 **New York City, U.S.A./planet earth in space with montage of images**	Industrial countries need us and we need them. Only by working together can we all move toward a better world—a world in which more people will have enough food, suitable houses, clean drinking water, adequate health care, and the opportunity to be educated and have good jobs.
95 **Planet earth in space, with text:** **Produced by The World Bank** **Washington, D.C.** **Copyright** **©MCMXCII/The World Bank 1992** **All rights reserved**	

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Washington, DC 20526
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WORKSHEETS

By cutting the worksheets along the line of dashes, they can be removed for duplicating without damaging the Teaching Guide.

Worksheets preceded by an asterisk are for highly motivated students.

Teachers should read each worksheet carefully before using it to determine whether it is appropriate for their class.

Worksheet 1	Lesson 1	Exploring Opinions about World Poverty
Worksheet 2	Lesson 1	Viewing *Some Big Questions*
*Worksheet 3	Lesson 1	More Opinions about World Poverty
Worksheet 4	Lesson 2	Characteristics of Developing Countries
Worksheet 5	Lesson 2	Locating Countries and Cities
Worksheet 6	Lesson 3	Comparing Countries: 1
Worksheet 7	Lesson 3	If You Lived in Poverty in a Developing Country
Worksheet 8	Lessons 3 and 4	Locating Countries
Worksheet 9	Lesson 4	An Indian Poem
Worksheet 10	Lessons 4 and 5	Comparing Countries: 2
Worksheet 11	Lesson 5	Test I
Worksheet 12	Lessons 5 and 6	Putting New Terms to Work
Worksheet 13	Lesson 6	Making Choices
*Worksheet 14	Lesson 6	What Would You Do If . . . ?
Worksheet 15	Lessons 6 and 7	Development Activities: 1
Worksheet 16	Lessons 7 and 8	Development Activities: 2
Worksheet 17	Lessons 8 and 9	Development Activities: 3
Worksheet 18	Lesson 10	Test II
Worksheet 19	Lessons 10 and 11	Where Will You Get the Money?
Worksheet 20	Lesson 11	More About Development Assistance
Worksheet 21	Lesson 11	Exploring Opinions about Development Assistance
Worksheet 22	Lesson 12	Analyzing Statistics
*Worksheet 23	Lesson 12	Changes in GNP Per Capita in Selected Developing Countries
Worksheet 24	Lesson 12	Comparing Foreign Trade in Developing and Industrial Countries
Worksheet 25	Lesson 13	What Are Developing Countries Worried About?
*Worksheet 26	Lesson 13	How Might Economic Development in Developing Countries Affect Employment in Industrial Countries?
Worksheet 27	Lesson 14	Exploring Opinions About Economic Development
Worksheet 28	Lesson 15	Test III (A)
*Worksheet 29	Lesson 15	Test III (B)
*Worksheet 30	Lesson 15	Additional Activities

EXPLORING OPINIONS ABOUT WORLD POVERTY

People hold many opinions about world poverty. Some of them are given below. This survey will give you an opportunity to explore your own opinions. Circle the number beside each statement that best represents your view of the statement, as follows:

+5 = strongly agree
+3 = agree
+1 = slightly agree
−1 = slightly disagree
−3 = disagree
−5 = strongly disagree

1. The most important difference between rich countries and poor countries is that people in poor countries have few material things.	+5	+3	+1	−1	−3	−5
2. Developing countries are poor because they have too many people.	+5	+3	+1	−1	−3	−5
3. People in developing countries are no better off today than they were 30 years ago.	+5	+3	+1	−1	−3	−5
4. Poverty in poor countries does not really affect rich countries.	+5	+3	+1	−1	−3	−5
5. Developing countries are poor because their people don't work hard.	+5	+3	+1	−1	−3	−5
6. There have always been some rich people and lots of poor people; nothing can ever be done to change that.	+5	+3	+1	−1	−3	−5
7. Developing countries are poor because they have no natural resources.	+5	+3	+1	−1	−3	−5

8. The United States spends a higher percentage of its national income on foreign aid than any other rich country.	+5	+3	+1	−1	−3	−5
9. Rich countries are imposing their way of life on poor countries against the will of the poor countries.	+5	+3	+1	−1	−3	−5
10. Standards of living would never rise in poor countries if rich countries were not helping.	+5	+3	+1	−1	−3	−5

_____
(Name)

VIEWING *Some Big Questions*

You will use this worksheet before you view a slide presentation on videocassette entitled *Some Big Questions* and while you are viewing it.

Before viewing	During viewing
1. List a few words that suggest how poor people live in poor countries.	1. List additional words.
2. List a few things that can be used to compare living conditions in poor and rich countries (for example, the number of calories the average person eats each day).	2. List some additional things.
3. Give two reasons why some countries are poor.	3. Give some additional reasons.

(Name)

Worksheet 3
Lesson 1

MORE OPINIONS ABOUT WORLD POVERTY

The statements below express additional opinions about world poverty. Put a check in the box at the right of each statement to show your agreement or disagreement with it.

		I agree strongly	I agree	I have no opinion	I disagree	I disagree strongly
1	I don't want to hear about world poverty. I have enough problems of my own without thinking about other people's problems.					
2	Poverty in other countries is not our problem. There's no reason we should worry about it.					
3	Knowing there are a lot of poor people and poor countries makes me worry about the future.					
4	Knowing about world poverty makes me want to do something to help.					
5	I don't think it's fair that there are so many poor countries when we're so rich.					
6	I know that poverty in other countries is unfair, but I didn't cause it and I can't do anything about it.					
7	I think we ought to hear about poverty in poor countries, even if it makes us uncomfortable, because it's true.					
8	I think it's useless to think about world poverty because there's nothing we can do about it.					
9	I think rich countries should solve poverty at home before they try to solve it in poor countries.					
10	I think we should try to reduce poverty both at home and in poor countries.					

CHARACTERISTICS OF DEVELOPING COUNTRIES

Write the heading for each set of pages on the line beside the page numbers.

1. Read pages 8 and 9. _____

   a. Briefly describe the following conditions for most people in developing countries.

      1) Income _____
      2) Food _____
      3) Health _____
      4) Education _____
      5) Housing _____
      6) Jobs _____

   b. Why are so many people in developing countries unable to earn adequate incomes? _____

2. Read pages 10 and 11. _____

   c. What proportion of families in developing countries make a living in farming?

   d. Briefly describe the following conditions in which many farm families live in developing countries.

      1) Soil and climate _____
      2) Land ownership _____
      3) Farming methods _____
      4) Amount produced _____

   e. Give two reasons why farm families cannot improve their living conditions.

   f. Give one reason why the population of cities in developing countries is increasing. _____

3. Read pages 12 and 13. _____

   g. What does capital enable people to do? _____

   _____

   h. Fill in the following chart.

	Physical capital	**Human capital**
Examples		
Effect of scarce capital on life in developing countries		

4. Read pages 14 and 15. _____

   i. Give four examples of things developing countries import. _____

   _____

   _____

   _____

   _____

   j. What must developing countries do to get the money they need to pay for imports? _____

   k. Circle the words that complete the following sentences.

      1) To get the many goods and services they need, developing countries must (export/import).

      2) To pay for the foods and services they need from other countries, developing countries must (export/import).

      3) Most developing countries have to import expensive oil and machinery. To pay the high price of these goods, they must reduce their other (exports/imports).

5. Read pages 16 and 17. _____

   l. In which group of countries is population growing faster, industrial countries or developing countries? _____

m. Briefly state two reasons why population is growing rapidly in developing countries. _____

_____

_____

n. Why is it difficult to improve living conditions in a country where population is rising? _____

_____

o. Twenty years from now there will be 2 billion more people in the world than there are today. Where will most of the 2 billion be living? _____

_____

_____
(Name)

LOCATING COUNTRIES AND CITIES

Label the following countries on the outline map of the world on the next page. To label small countries, draw a line from the country to a space on the map where the name can be written. For reference, use the locator map inside the back cover of *The Developing World*.

North and South America
Canada
Guatemala
United States

Europe
France
Netherlands
United Kingdom

Africa
Burkina Faso
Kenya

Asia and Oceania
Australia
Bangladesh
Indonesia
Japan
Pakistan

Place an "x" in the country where the following cities are located. It is estimated that the population of these cities will exceed 10 million in 2000.

Latin America
Rio de Janeiro, Brazil
São Paulo, Brazil
Mexico City, Mexico

Africa
Cairo, Egypt

Asia
Bombay, India
Calcutta, India
Madras, India
Seoul, Korea
Manila, Philippines
Jakarta, Indonesia

Outline Map of the World

The denominations, classifications, and boundaries shown on this map do not imply, on the part of the World Bank, any judgment on the legal or other status of any territory or any endorsement or acceptance of any boundaries. This map may be photocopied for your classroom use.
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COMPARING COUNTRIES: 1

You are to compare the five conditions discussed in Chapter One in developing and industrial countries. You will do so by completing the chart at the bottom of the page.

Words and phrases that describe each condition are listed below in pairs. Decide which word or phrase in each pair describes a condition in developing countries and which describes the same condition in industrial countries. Then write the words or phrases in the appropriate boxes.

Amount of poverty ..... Not much/a great deal
Number of farm families ..... Many/few
Amount of capital ..... Plentiful/scarce
Amount of imports ..... Many/limited
Rate of population growth ..... Rapid/slow

	Industrial countries	**Developing countries**
Amount of poverty		
Number of farm families		
Amount of capital		
Amount of imports		
Rate of population growth		

IF YOU LIVED IN POVERTY IN A DEVELOPING COUNTRY . . .

Suppose that you have been asked to transform your house into the house of a poor family in a developing country. To do so, you will have to remove most of your possessions.

- Take out the furniture, except for a few old blankets, a kitchen table, and one chair. The family will sleep on the floor from now on.
- Take away all the clothing except the oldest dress or suit of each member of the family, and a shirt or blouse. Leave one pair of shoes for the head of the family.
- Empty the kitchen except for a small bag of rice or corn, some sugar and salt, a few potatoes, a handful of onions, and a dish of dried beans.
- Dismantle the bathroom, shut off the water, and remove the electrical wiring.
- Take away the house itself and move the family into a one-room shack they made themselves.
- Remove all the other houses in the neighborhood and set up a small village in their place.
- Make the head of the family a farmer who rents 2 hectares (5 acres) of land. He and the family grow enough to feed themselves, plus $400 worth of food that can be sold.
- Add grandparents and an uncle and aunt and their children to the household.
- Take away the books, newspapers, and magazines. The family cannot use them because it is now illiterate.
- Move the nearest hospital 15 kilometers (about 10 miles) away and put a nurse in charge of it instead of a doctor.
- Throw out the bankbooks and insurance policies and leave the family with $25 in cash.
- Lop off 25 to 30 years of the life expectancy of the members of the family.

LOCATING COUNTRIES

Label the following countries on the outline map of the world on the next page. To label small countries, draw a line from the country to a space on the map where the name can be written. For reference, use the locator map inside the back cover of *The Developing World*.

North and South America
Bolivia
Brazil
Ecuador
Mexico
United States

Europe
Germany
former U.S.S.R.

Africa
Egypt
Kenya
Malawi
Nigeria

Asia and Oceania
China
India
Indonesia
Japan
Korea, Republic of
Malaysia
Saudi Arabia

Outline Map of the World

The denominations, classifications, and boundaries shown on this map do not imply, on the part of the World Bank, any judgment on the legal or other status of any territory or any endorsement or acceptance of any boundaries. This map may be photocopied for your classroom use.
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_____
(Name)

AN INDIAN POEM

Decide, mother,
who goes without.
Is it Rama, the strongest?
or Baca, the weakest
who may not need it much longer?
Or perhaps Sita
who may be expendable?

Decide, mother,
kill a part of yourself
as you resolve the dilemma.

Decide, mother
decide.

—by Appadura, an Indian poet

1. What is the decision the mother must make? _____

2. Why must she make this decision? _____

3. Describe her three children. Why do you think Sita might be expendable? _____

4. What do you think you would do if you were in her situation? _____

5. How does the poem illustrate living conditions in one of the poorest developing countries? _____

COMPARING COUNTRIES: 2

Answer questions 1–6 as you study Table 1, page 19, in *The Developing World*.

1. The GNP of the Netherlands, an industrial country, was $237,415,000,000 in 1989. Its population was 14,800,000. List three developing countries with a larger GNP.

   _____

   _____

   _____

2. Why do the developing countries in Question 1 have a smaller GNP per capita than the Netherlands? _____

   _____

3. Countries may be grouped as industrial or developing on the basis of GNP per capita. These groups are on the map inside the front cover of *The Developing World*. Most countries with a GNP per capita of $6,000 or more are industrial countries; most with a GNP per capita of less than $6,000 are developing countries.

   Developing countries may also be grouped on the basis of GNP per capita. Developing countries with a GNP per capita of $600 or more are called middle-income developing countries. Those with a GNP per capita of less than $600 are called low-income developing countries.

   Fill in the chart below with the names of the countries listed in Table 1.

Industrial countries (GNP per capita = $6,000 or more)	**Developing countries** (GNP per capita = less than $6,000)	
	Middle-income (GNP per capita = $600 or more)	**Low-income** (GNP per capita = less than $600)

4. Put a check by the statements below that are true:

   _____ All the low-income developing countries listed in Table 1 have a small GNP.

   _____ All the low-income developing countries listed in Table 1 have large populations.

   _____ The average GNP per capita of the industrial countries listed in Table 1 is more than 50 times larger than that of the low-income developing countries.

5. On a separate piece of paper, write a statement that compares GNP per capita in industrial and developing countries.

6. On the same piece of paper, write a statement that compares GNP per capita in middle-income and low-income developing countries.

Answer questions 7–13 as you study Table 2, page 20, in *The Developing World*.

7. In how many developing countries is the infant death rate more than twice as high as it is in industrial countries? _____

8. List the developing countries in which people can expect to live almost as long as people in industrial countries. _____

_____

_____

9. List the developing countries in which 75 percent or more of the adults can read and write. _____

10. Study the following statistics for Saudi Arabia:

GNP per capita	$6,020
Infant mortality rate	6.7%
Life expectancy	64 years
Adult literacy rate	27%

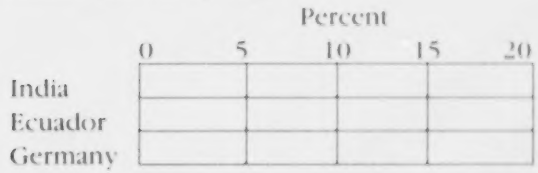
Would you call Saudi Arabia an industrial or a developing country? Why? _____

_____

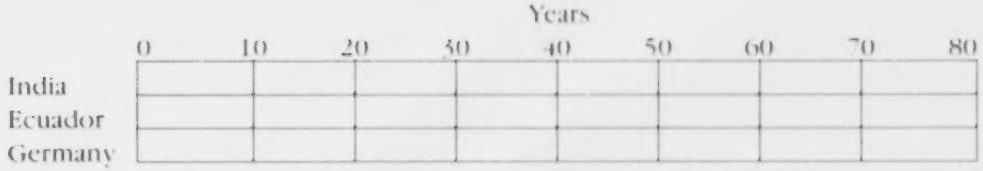
_____

11. Use the forms below and the data in Table 2 to make bar graphs showing the social indicators in India, a low-income developing country; Ecuador, a middle-income developing country; and Germany, an industrial country.

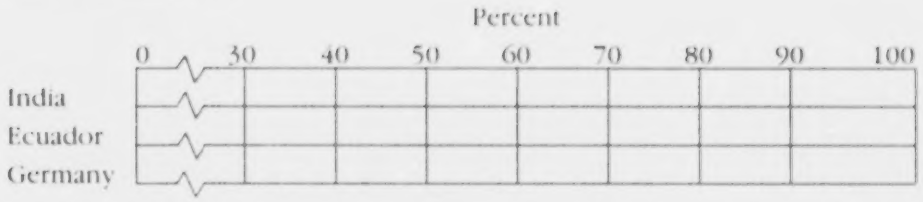
Infant mortality rate



Life expectancy



Adult literacy rate



12. Using the graphs as a basis, write a statement comparing social indicators in industrial countries and developing countries. _____

_____

_____

13. Using the graphs as a basis, write a statement comparing social indicators in middle-income and low-income developing countries. _____

_____

_____

Answer questions 14–19 as you study Figure 1, page 21, in *The Developing World*.

14. List the countries in Figure 1 in which more than half the workers are engaged in agriculture. _____

_____

_____

_____

15. List the four developing countries with the highest proportion of workers in agriculture. _____

_____

_____

16. Using the data in Figure 1, complete the chart below:

Countries	**Percentage of workers in agriculture**
Kenya	
Malaysia	
Japan	

17. Name a country with a high GNP per capita that has a high proportion of workers in agriculture. _____

18. Write a statement comparing the proportion of agricultural workers in industrial and developing countries. _____

_____

_____

19. Write a statement comparing the proportion of agricultural workers in middle-income developing countries and low-income developing countries. _____

_____

_____

_____

Answer questions 20–24 as you study Figure 2, page 22, in *The Developing World*.

20. Which four developing countries in Figure 2 have the highest energy consumption per capita? _____

_____

_____

21. Which four developing countries in Figure 2 have the lowest energy consumption per capita? _____

_____

_____

22. Approximately how many times more energy does each American use than each German uses? _____

23. Approximately how many times more energy does each German use than each Korean uses? _____

24. Approximately how many times more energy does each Korean use than each Indonesian uses? _____

Energy consumption per capita indicates roughly how much capital a country has.

25. Write a statement comparing the amount of capital in industrial countries and in developing countries. _____

_____

_____

26. Write a statement comparing the amount of capital in middle-income developing countries and low-income developing countries. _____

_____

Answer questions 27–31 as you study Figure 3, page 23, in *The Developing World*.

27. List the three countries in Figure 3 that import the least. _____

_____

28. List the three countries in Figure 3 that import the most. _____

_____

29. Saudi Arabia is like the developing countries in many ways, but it is different from them in importing much more than they do. Why do you think it does so? _____

_____

30. Write a statement comparing the amount industrial countries import and the amount developing countries import. _____

_____

31. Write a statement comparing the amount middle-income developing countries import and the amount low-income developing countries import. _____

_____

Answer questions 32–39 as you study Table 3, page 25 in *The Developing World*.

32. List the three countries in Table 3 in which population is growing most rapidly.

_____

33. List the three countries in Table 3 in which population is growing most slowly.

_____

34. List the countries in Table 3 in the correct space on the chart below.

Countries in which population will double in 23 years or less	**Countries in which population will double in 35 years or less**	**Countries in which population will not double for more than 70 years**

35. Mexico had about 22.5 million more people than Germany in 1989. How many more people will Mexico have than Germany in 2025? _____

36. Why will the difference between their populations increase so much? _____

_____

_____

37. The world's population will increase from 4 billion to 8.5 billion between 1980 and 2025. In which group of countries—industrial or developing—will most of the increase take place? _____

38. Write a statement comparing population growth in industrial and developing countries. _____

_____

39. Figure out the average population growth rate of the middle-income developing countries and of the low-income developing countries. Write a statement comparing the speed of population growth in the two groups of developing countries.

_____

_____

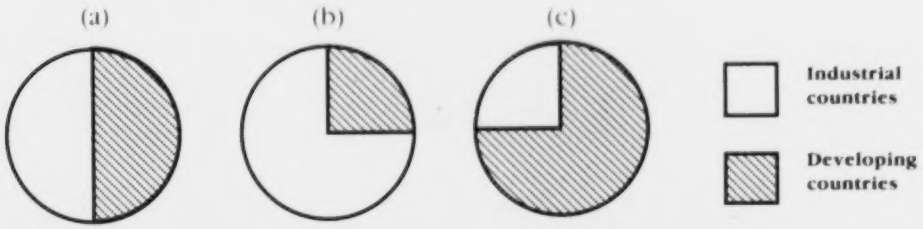
_____

TEST I

Part One

Read each sentence below. Then write the letter of the word or phrase that correctly completes it in the space to the left of the sentence number.

_____ 1. The pie chart that correctly shows the proportion of the world's population that lives in poor countries is:



_____ 2. Most developing countries are located on the following continents (South America includes Central America and the Caribbean):
- (a) South America, Europe, Africa, and Australia
- (b) Africa, Asia, and Australia
- (c) South America, Africa, and Asia

_____ 3. Poor people in developing countries live under the following conditions:
- (a) illness, hunger, unemployment, polluted water
- (b) illiteracy, low income, few doctors, optimism
- (c) few educational opportunities, worry, isolation from members of their family

_____ 4. In most developing countries, the proportion of families earning a living in agriculture is:
- (a) 10–25 percent
- (b) 25–50 percent
- (c) 50–80 percent

_____ 5. All of the following problems are faced by most farmers in developing countries *except*:
- (a) poor soil and little rain
- (b) a growing demand for agricultural exports that they cannot meet
- (c) low production and low market prices

_____ 6. The incomes of farmers in developing countries are low because:
- (a) there are too many farm workers
- (b) farm production is low
- (c) factories offer better jobs at higher wages

_____ 7. The machines and factories, knowledge and skills that enable people to produce more are called:
- (a) standard of living
- (b) capital
- (c) natural resources

_____ 8. An example of a country that has very few things to export is:
- (a) Bangladesh
- (b) Japan
- (c) Brazil

_____ 9. Developing countries need to import because:
- (a) they have many things to export
- (b) they need things they cannot produce themselves
- (c) they need to earn money to pay back loans

_____ 10. Developing countries must export because:
- (a) they need to earn money to help pay for their imports
- (b) they need to improve their relations with other countries
- (c) they need markets for their excess production

_____ 11. If standards of living are to rise in a country in which population is increasing, people in that country must:
- (a) produce more only
- (b) slow down population growth only
- (c) produce more and slow down population growth

_____ 12. Rapid population growth in developing countries means that:
- (a) the economy will expand to meet the needs of more people
- (b) more people will share the limited supply of food, housing, schools, and jobs
- (c) people will cut back on their consumption of goods and services to help those in need

_____ 13. It is estimated that the population of each of the following cities will exceed 10,000,000 in 2000 *except*:
- (a) Mexico City, Mexico
- (b) Calcutta, India
- (c) Sydney, Australia

_____ 14. GNP per capita is a good indicator of:
- (a) the total imports of a country
- (b) the amount of poverty in a country
- (c) how rapidly standards of living in a country are changing

_____ 15. Social indicators give statistical information about:
- (a) the quality of life in a country
- (b) the natural resources of a country
- (c) the relationship of school enrollment to adult literacy

_____ 16. The amount of energy each person in a country uses indicates, in general
(a) the number of factories, machines, and large vehicles a country has
(b) the extent to which coal is replacing oil as a primary energy source
(c) how wasteful its people are

_____ 17. If a country imports very little and has a large population, the value of imports per capita in that country will be:
(a) high
(b) low
(c) about the same as in most developing countries

_____ 18. An example of a high population growth rate is:
(a) 3.4 percent
(b) 1.1 percent
(c) 0.1 percent

Part Two

1. Compare the indicators listed below in industrial and developing countries. Write "high" or "low" in the spaces on the chart to indicate whether each statistic is usually high or low in each group of countries.

Social or economic indicator	Industrial countries	Developing countries
GNP per capita		
Infant mortality rate		
Life expectancy		
Adult literacy rate		
Proportion of agricultural workers		
Energy consumption per capita		
Value of imports per capita		
Population growth rate		

2. Statistics for three countries are given in the table below. One country is an industrial country, one is a middle-income developing country, and one is a low-income developing country. Study the table and answer the questions that follow it.

	Country A	**Country B**	**Country C**
Infant mortality rate	9 percent	10 percent	1 percent
Life expectancy	66 years	49 years	77 years
Adult literacy rate	54 percent	50 percent	95 percent
Proportion of agricultural workers	35 percent	83 percent	5 percent
Energy consumption per capita	546 kilograms of oil equivalent	37 kilograms of oil equivalent	7,800 kilograms of oil equivalent
Value of imports per capita	$604	$102	$2,220
Average annual population growth rate, 1980–89	2.5 percent	3.1 percent	0.9 percent

a. Indicate the industrial country, the middle-income developing country, and the low-income developing country in the table.

(1) Country A _____

(2) Country B _____

(3) Country C _____

b. From what you remember about the GNP per capita of low-income and middle-income countries, indicate the approximate GNP per capita of the countries in the table.

(1) Country A _____

(2) Country B _____

(3) Country C _____

Part Three

In the space below, write a paragraph describing what might be the life of a typical teenager in a developing country. Include specific details that illustrate the conditions in Chapters One and Two.

Part Four

Why do you think so many people in developing countries are poor?
Give your opinion in the space below, using information you acquired by reading and discussing Chapters One and Two.

PUTTING NEW TERMS TO WORK

Part One

Complete the following outline as you read Chapter Three in *The Developing World*.

I. Industrial Countries—Developing Countries

A. Factors that explain poverty

1. _____
2. _____
3. _____

B. Conditions throughout the world before 1700

1. _____
2. _____
3. _____

C. Changes in Europe after 1700

1. _____
2. _____
3. _____

D. A reason many countries in Africa, Asia, and Latin America remained poor:

_____

E. Reasons for changes since World War II

1. _____
2. _____
3. _____

II. Growth and Equity: Definitions

A. Growth _____

B. Equity _____

C. Increased productivity _____

D. Increased opportunity _____

III. Saving and Investing

A. Two requirements for economic development

1. _____
2. _____

B. Relationship between saving and investing:

_____

C. Ways of getting out of the vicious circle of poverty:

1. _____

2. _____

IV. Governments and the Private Sector

A. Three roles of government:

1. _____

2. _____

3. _____

B. Three roles of the private sector:

1. _____

2. _____

3. _____

Part Two

There are no "right" answers to most of the questions below. You are to make your own judgments and discuss them with your classmates.

1. Listed below are six activities in which a developing country might engage as part of its economic development program.
   a. Build a large factory to produce bricks in the capital city.
   b. Expand a teacher-training college; teachers will be trained to teach in rural schools and conduct adult literacy programs in villages.
   c. Build a fertilizer plant and set up a program to train local people for jobs in the plant.
   d. Build a highway leading from a copper mine in the mountains to the country's seaport.
   e. Set up a vocational training program to train slum dwellers so they can hold factory jobs.
   f. Train agricultural extension workers to help farmers produce more rice.

   Write the letter preceding each activity listed above in the appropriate box below.

Activities that will contribute primarily to economic growth	Activities that will contribute primarily to economic equity	Activities that will contribute to both growth and equity

2. Put a check by the activity in the list below that would, in your judgment, increase the productivity of people in a developing country the most.

   ____ a. The government distributes food at low cost in villages.

   ____ b. Extension workers visit villages regularly to show farmers new ways of working so they can grow more rice.

   ____ c. Deep wells are installed in villages so that village women no longer need to walk five miles to and from a river each day to get water.

3. Put a check by the activity in the list below that would, in your judgment, increase the opportunities of the poorest people in a developing country the most.

   ____ a. Minibuses, equipped to do routine health care, visit villages once a week.

   ____ b. Small brick factories are built in market towns in rural areas.

   ____ c. Water faucets and sewerage facilities are installed in urban slums.

   ____ d. Banks in rural market towns receive government money to enable them to make loans with low interest charges to farmers.

4. Read the scenario below and answer the questions following it.

> You are a farmer or his/her spouse, living in a small village in a developing country. You have enough land to grow the vegetables and rice you need to feed yourself and your seven children. This year, the harvest has been good and you have a little extra rice that you can sell. You can use your additional income to buy some extra food or some cloth, or to buy a new tool that will enable you to produce more rice next year.

   a. What is the term in Chapter Three for your additional income from the sale of rice if you choose *not* to buy food or cloth? _____

   b. Why were you unable to buy the new tool in the past? _____

   c. Why would purchasing the new tool be called "an investment"? _____

   d. If you were the farmer, would you invest in the new tool or buy some extra food or cloth? Why? _____

(Name)

Worksheet 13
Lesson 6

MAKING CHOICES

Imagine that you are a member of the staff of the Ministry of Planning in a small low-income developing country. Your government spends about $15,000,000 a year on activities that increase economic growth and improve economic equity. There is a Special Fund within the Ministry that can be spent on specific activities over and above those which are included in the government budget. The Special Fund amounts to $4,000,000.

Ten activities have been proposed for the coming year to be paid for from the Special Fund. It is your responsibility to propose an investment plan based on these activities. You cannot exceed the $4,000,000 limit, but you need not spend it all.

The activities are listed below. Which will you choose? For what reasons?

	Activity	Cost
1.	Build primary schools to accommodate 200 students in 50 villages	$2,000,000
2.	Install systems to purify water in 200 villages	2,000,000
3.	Resurface a highway carrying lumber from a forest to a seaport from which it can be exported	2,000,000
4.	Build, furnish, and equip small health centers in 75 villages	1,500,000
5.	Plant trees to replace those being cut down to provide lumber for export and to provide fuelwood for villages.	1,500,000
6.	Make funds available to banks so they can make loans of $2,000 with low interest charges to 500 farmers	1,000,000
7.	Equip 20 minibuses to provide health care and family planning services in remote villages, train and pay salaries of workers on the buses	500,000
8.	Train 100 high school graduates to teach in village schools and run adult literacy programs	300,000
9.	Make a survey of energy resources as a first step in a plan to reduce oil imports	250,000
10.	Train 50 village extension workers and pay their salaries for a year; each of the extension workers will teach 100 farmers how to use a new kind of seed	100,000

WHAT WOULD YOU DO IF . . .?

. . . you were an official in the Ministry of Planning in Sri Lanka and had to decide which economic development activities you would support for the coming year?

Your country, Sri Lanka, is a small country with about 17 million people and a GNP per capita of $430 in 1989. As in most developing countries, more than half your population is rural. Most farms produce only enough food to feed a single family, and you must import a great deal of additional food to feed your people. For many years, a great deal of tea, coconut, and rubber was produced and exported. Because of these exports, you were able to import enough capital to build a good highway network as well as good warehouses and docks in Colombo, your capital city, which is also a port. But now you must pay much more for the oil you import, and you have not increased your production of tea, rubber, and coconut. For half a century your country has made a determined effort to educate your people and improve their health. Consequently, adult literacy is high, the infant mortality rate is low, and life expectancy is high. Your population growth rate is lower than in many developing countries, but hundreds of thousands of people move each year to Colombo and other cities and towns.

Most Sri Lankans are very poor. They need more food and more manufactured products. Unemployment is high, and the possibility of finding jobs—especially for educated young people—is bleak. Your country has been actively engaged in economic development since it became independent in 1948. The development plan calls for (1) more employment opportunities, (2) more production of the goods and services your people need, and (3) more exports so that you can import the machinery and equipment that will enable you to produce more.

Several new development activities have been proposed by various groups in the Ministry of Planning for the coming year. All of them cost about the same amount of money. But your country can afford only two of them. You are going to meet with your colleagues in the Ministry to decide which of the activities to undertake. In preparation for this meeting, you must study the activities and answer the following questions:

- In what ways will each activity help Sri Lanka achieve the objectives of its development plan?
- Which of the activities seems to you to be the most valuable? Which is next in value? And so on. List the activities in the order of their value to Sri Lanka.
- Which two activities will you support? Why?

Make notes to answer these questions as you read about the activities. Be prepared to discuss your answers at a meeting with your colleagues.

1. Agricultural workers would be taught how to train farmers to use improved methods to grow food crops. The newly trained workers would be assigned to work in remote areas in each of the 24 districts of Sri Lanka where poverty and unemployment are acute. Research would be undertaken to help solve the problems that farmers encounter in these localities.

2. Tea plantations in an area of high unemployment would be modernized. Workers would be trained to use new methods of cultivation. Obsolete machinery and equipment in tea factories on the plantations would be replaced. Loans would be provided to new workers moving to the area to help with the construction costs of housing. Health clinics on the plantations would be improved.

3. Loans would be provided to private businessmen to assist them in setting up small factories in rural areas where there is widespread unemployment. Factories would produce construction materials (bricks, lumber, and cement), fertilizer, and paper, which are now imported, as well as products for export made from wood and rubber.

4. Heavy vehicles would be purchased and people would be trained as the first step in setting up a systematic program for maintaining the highway system.

5. In an area where a system of dams and canals is being constructed to improve irrigation, farmers would be trained to use modern methods to grow rice, vegetables, sugar, and tea.

6. The existing piped water supply of Colombo and five neighboring towns would be improved, and a new water system would be installed in two other towns. Plans would be drawn up to extend the sewage disposal system of Colombo.

(Name) _____

DEVELOPMENT ACTIVITIES: 1

On the map below, label the countries of the individuals whose stories are told in Chapter Four. Use the locator map inside the back cover of *The Developing World* for reference.

Latin America	Bolivia, Costa Rica, Uruguay
Africa	Burkina Faso, Côte d'Ivoire, Kenya
Asia	Indonesia, Philippines

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Answer the questions below as you read pages 36–42 in *The Developing World*.

1. List four ways in which economic development changes people's lives.

   _____

   _____

   _____

   _____

2. Why is physical infrastructure called "the groundwork for economic development"? _____

   _____

3. List four kinds of physical infrastructure that are being increased in developing countries. _____

   _____

   _____

4. Give one reason why you *would* want the road resurfaced if you were the Indonesian woman and one reason you *would not* want it resurfaced. _____

   _____

   _____

5. Give one reason why you *would* want the water system improved and one reason you *would not* want it improved. _____

   _____

   _____

6. In the list below, put a check by the picture(s) on page 36 that seem to you to portray people engaged in activities that increase physical infrastructure.

   ____ upper left
   ____ upper right
   ____ center page
   ____ lower left
   ____ lower right

Answer the questions below as you read pages 43–47 in *The Developing World*.

7. Give three reasons why developing countries want to increase industrial production. _____

8. Give two examples of factory products made in developing countries when they are beginning to industrialize. _____

9. Give two examples of more complicated products that are now being manufactured in some developing countries. _____

10. Give two examples of factories in developing countries that require a great deal of capital. _____

11. What are some developing countries doing to create rural jobs? _____

12. Give two reasons why you would like to start a cannery in your village if you were the Costa Rican businessman. _____

13. Give two reasons why you would like to start a vocational school. _____

DEVELOPMENT ACTIVITIES: 2

Part One

Answer these questions as you read pages 48–51 in *The Developing World*.

1. Give two reasons why increasing agricultural production has always been important in economic development. _____

2. Briefly describe four ways in which agricultural production is being increased in developing countries. _____

Answer these questions as you read pages 54–56 in *The Developing World*.

3. Why do developing countries want to engage in foreign trade? Give two reasons.

4. List four things a developing country needs to import in order to engage in economic development. _____

5. What two things do developing countries do so they can pay for additional imports? _____

6. What are the principal exports of most developing countries? _____

7. Why do developing countries want to produce a greater variety of things for export? _____

_____

_____

8. How might a foreign company help increase the imports of a developing country?

_____

_____

Answer these questions as you read pages 59–61 in *The Developing World*.

9. List five kinds of workers, in addition to those listed in the first two paragraphs on page 59, that developing countries need. _____

_____

_____

10. List four things developing countries are doing to improve their school systems.

_____

_____

_____

_____

11. Give three reasons why students in developing countries might drop out of school. _____

_____

_____

12. What are developing countries doing to educate and train adults? List four activities. _____

_____

_____

_____

13. Why must developing countries provide job opportunities as well as education and training? _____

_____

_____

Part Two

You are to read and report to the class about the choice one of the following persons must make as a result of economic development: a Philippine boy (pages 51–53), a Uruguayan woman (pages 56–58), or a Bolivian girl (pages 61–63). On the line below, write the story assigned to you.

_____

Read the story and prepare your presentation to the class as follows:

1. Be able to locate on a wall map of the world all the places mentioned in the story.

2. What development activity does the story illustrate? _____
   _____

3. Summarize briefly the life of the person in the story. _____
   _____
   _____
   _____

4. State the choice the person must make. _____
   _____
   _____

5. Give one reason for and one reason against each option. _____
   _____
   _____
   _____

6. State the choice you would make if you were the person in the story, and give one reason for your choice. _____
   _____
   _____

7. Economic development brings many changes in people's lives. It changes their relationships, challenges their values, and forces them to make new choices and take new risks. In your responses to questions 4–6, you have given an example of a new choice a person in a developing country must make. On the back of this worksheet, give an example of another change by answering the question for the story assigned to you.

   The Philippine boy: What values are being challenged?
   The Uruguayan woman: What new risks must she take?
   The Bolivian girl: What relationships are changing?

DEVELOPMENT ACTIVITIES: 3

Answer these questions as you read pages 64–68 in *The Developing World*.

1. Give a brief definition of absolute poverty. _____

2. Why did many developing countries begin to provide special assistance to their poorest people in the 1970s? _____

3. State two things developing countries are doing to help poor people in rural areas and two things they are doing to help poor people in urban areas. _____

4. What are developing countries doing to provide better education and health care for their poorest people? _____

5. What steps does the government of Burkina Faso plan to take to improve living conditions in the slum settlements of Ouagadougou? _____

6. Give one reason why you would want to remain in Ouagadougou if you were the Burkinabe boy. _____

7. Give one reason why you would want to go to Abidjan. _____

Answer these questions as you read pages 68–71 in *The Developing World*.

8. Give three reasons why many families in developing countries are large. _____

_____

_____

_____

9. When economic development occurs, many families begin to want fewer children. Give three reasons. _____

_____

_____

10. State three things that developing countries are doing to slow population growth.

_____

_____

_____

11. Why will population growth make it difficult to improve living conditions in developing countries in the future? _____

_____

_____

12. Give three reasons why the Kenyan woman wants to have more children. _____

_____

_____

_____

13. Give two reasons why she would be interested in learning about family planning.

_____

_____

TEST II

Part One

The countries listed below are indicated by a number on the outline map of the world on the next page.

a. Locate *19* of the *25* developing countries in the list below. In the space to the left of the country, write the number for the country that appears on the map.

North and South America	*Africa and Europe*	*Asia and Oceania*
____ Bolivia	____ Burkina Faso	____ Bangladesh
____ Brazil	____ Côte d'Ivoire	____ China
____ Costa Rica	____ Egypt	____ India
____ Ecuador	____ Kenya	____ Indonesia
____ Guatemala	____ Malawi	____ Korea, Republic of
____ Mexico	____ Nigeria	____ Malaysia
____ Uruguay	____ former U.S.S.R.	____ Pakistan
		____ Philippines
		____ Saudi Arabia

b. Locate 5 of the 8 industrial countries in the list below. In the space to the left of the country, write the number for that country that appears on the map.

North and South America	*Europe*	*Asia and Oceania*
____ Canada	____ France	____ Australia
____ United States	____ Germany	____ Japan
	____ Netherlands	
	____ United Kingdom	

Outline Map of the World

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Part Two

Development activities	**Give an example of each activity listed in the column at the left.**	**State one way the activities contribute to economic development.**
Increasing physical infrastructure		
Increasing industrial production		
Increasing agricultural production		
Increasing foreign trade		
Educating and training people		
Assisting the poorest people		
Slowing population growth		

Part Three

You have read about some of the ways economic development is changing people's lives.

- Their relationships are changing.
- Their values are being challenged.
- They must make new choices.
- They must take new risks.

You have read stories about seven people in whose lives these changes are taking place:

- An Indonesian woman
- A Costa Rican man
- A Philippine boy
- A Uruguayan woman
- A Bolivian girl
- A Burkinabe boy
- A Kenyan woman

Choose *one* of the people above. In the space below:

(a) Describe the choice he or she must make.
(b) Give examples of *two other ways* in which his or her life is changing.

WHERE WILL YOU GET THE MONEY?

Part One

Fill in the blanks in the outline below as you read pages 75–81 in *The Developing World*.

I. The principal source of money for economic development:

A. _____

B. _____

II. Other sources of money for economic development:

A. _____

1. _____

2. _____

B. _____

1. _____

2. _____

3. _____

C. _____

D. _____

Part Two

Refer to Chapter Five in *The Developing World* to answer the following questions.

1. The members of the Ministry of Planning in your country want funds for a new highway. You want to get the money from sources in your country so as not to add to your country's debt. Taxes are already high. What might you do to get the money?

_____

_____

2. You are a private business owner in a developing country. You want to buy new machinery for your textile factory. Where might you get the money?

_____

_____

3. Your country is a former French colony in Africa. Your government needs a grant or a loan for an irrigation project. What industrial country might you approach for money to help pay for it?

_____

4. Yours is a Muslim country in Africa. You want money for a project that will increase your country's food production and raise the living standards of farmers in a poor region of the country. To what country might you apply for a loan or grant?

_____

5. Your country wants to make some major changes in its educational system. To help you plan your teacher-training program, you want to know what other developing countries have done to train teachers. Where might you go to learn about this?

_____

6. Where might you go for funds when you are ready to put the plan developed in Question 5 into operation?

_____

7. The Ministry of Planning in a Latin American country wants a loan to assist manufacturers in the country to produce more items for export. To what two international organizations might it go?

_____

8. You own a small rubber tire factory in an Asian developing country, and you want to expand your operations. But you need money to build the factory and buy the machinery. Where might you get this help?

_____

9. Many people in your country have leprosy, and treatments that work well in other countries do not work so well in your country. You would like to have some research done on leprosy in your country. What kind of organization might you approach to talk about doing this research?

_____

10. Your country has a vigorous family planning program. The governments of several industrial countries and the World Bank have made grants and loans to help your program. You want to set up some additional family planning clinics in your capital city. What kind of organization might you approach for help?

_____

MORE ABOUT DEVELOPMENT ASSISTANCE

Use this worksheet as you study Table 4 on page 76 of *The Developing World*. The 1965 figures in the table have been adjusted to take account of inflation and can therefore be compared with the 1989 figures. As you use the worksheet, assume that the figures for 1989 are actual rather than estimates.

1. Using the data in column 4 of Table 4, list the countries below in the order of the percentage of GNP they provided for development assistance in 1989. Start with the country that provided the highest percentage.

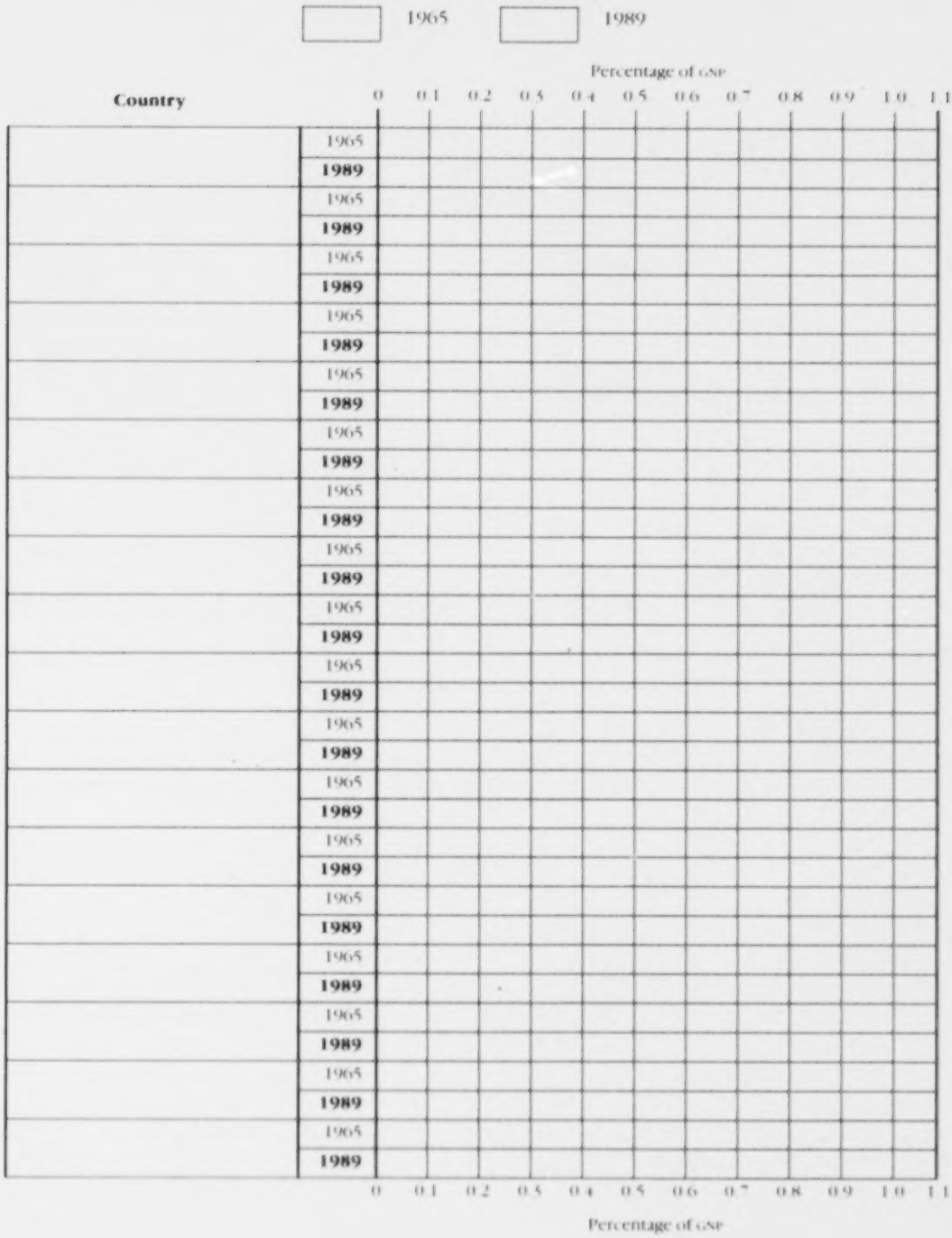
Percentage	Country

2. Use the form on the next page to make a bar graph showing the percentage of GNP the countries in Table 4 provided for foreign aid in 1965 and 1989. List the countries in the spaces to the left of the graph in the order in which you listed them in Question 1.

3. Study the bar graph and list the countries on it in the correct spaces in the chart below.

Countries in which the percentage of GNP for development assistance increased between 1965 and 1989
Countries in which the percentage of GNP or development assistance decreased between 1965 and 1989 or remained the same

Percentage of GNP Provided for Development Assistance by Selected Industrial Countries, 1965 and Estimates for 1989



4. Why do you think several countries are spending a higher percentage of GNP for development assistance now than in 1965? Give one reason.

_____

_____

5. Why do you think several countries are spending a lower percentage of GNP for development assistance now than in 1965? Give one reason.

_____

_____

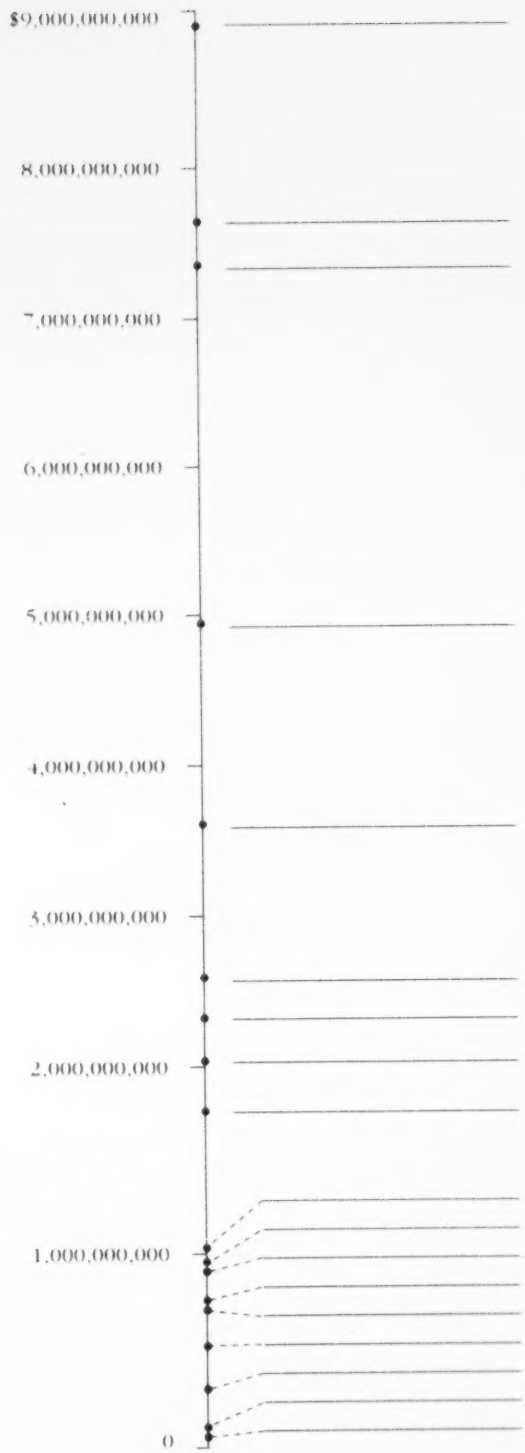
6. Using the data in Table 4, figure out how many times more development assistance the countries in Table 4 provided in 1989 than in 1965. (Divide the 1989 total by the 1965 total.)

_____

7. The graph at the right of this page is a thermometer graph. The dots on the scale represent the amount of money provided for development assistance in 1989 by the countries in Table 4. Using Table 4 for reference, write the countries on the appropriate line at the right of the scale.

8. Study the graph and list the six countries that provided the largest amounts of development assistance in 1989. Write them in the spaces at the left below.

9. Using Table 4 for reference, figure out how many times more development assistance the six countries above provided in 1989 than in 1965. Divide the 1989 amount by the 1965 amount, convert the decimal into a fraction, and write it in the space at the right in Question 8.



10. Why do you think the two countries that increased their amounts of development assistance most might have done so?

_____

_____

11. Why do you think some countries didn't increase their amount of development assistance as much as the others?

_____

_____

12. In 1988 one country provided a higher percentage of GNP for development assistance than any country in Table 4 provided in 1989. What country was it, and where is it located? (You will have to refer to *The Developing World* to answer this question.)

_____

_____

13. Write a statement that compares the amount industrial countries as a group provided for development assistance in 1965 and 1989.

_____

_____

14. Write a statement that compares the percentage of GNP industrial countries provided in foreign aid in 1965 and 1989.

_____

_____

15. The amounts of money provided for development assistance by industrial countries are large. To understand their relative size, study the following figures, which show the amounts spent by Americans in various kinds of retail stores in 1987.

Florist shops	$ 5,441,194,000
Sporting goods and bicycle stores	11,255,912,000
Jewelry stores	12,924,729,000
Radio and television stores	15,679,387,000
Liquor stores	19,826,965,000

Source: U.S. Bureau of the Census, *1987 Census of Retail Trade, U.S. Summary*, Table 1, January 1991.

Write a statement that compares the amounts Americans spent for the items listed above with the amount they spent for development assistance in 1989.

_____

_____

EXPLORING OPINIONS ABOUT DEVELOPMENT ASSISTANCE

Some widely held opinions about development assistance are given below. Write "A" beside the statements that you agree with, "D" beside those you disagree with, and "?" beside those about which you have no opinion.

1. ____ The United States made it alone when it was a poor country in the 1700s and 1800s. Poor countries today should make it alone, too.
2. ____ Poor countries depend too much on rich countries. They should be more self-reliant.
3. ____ Rich countries have an obligation to help poor countries.
4. ____ Giving foreign aid is a good way to get friends in the Third World: when they receive it, they become our allies.
5. ____ Foreign aid is a good way to increase our national security.
6. ____ We shouldn't help poor countries because then their products will compete with ours and we will have more unemployment.
7. ____ Other rich countries should do more to help poor countries: it shouldn't all depend on the United States.
8. ____ Rich countries should help poor countries, but they shouldn't have to give up what they have.
9. ____ Development assistance is a huge giveaway.
10. ____ Rich countries should help poor countries, but not if it costs them money.
11. ____ Rich countries cannot afford to pay poor countries the hundreds of billions of dollars development assistance costs.
12. ____ What happens in poor countries is their business; we should keep out of their affairs.

ANALYZING STATISTICS

Instructions for Teachers

In using this worksheet, students will formulate generalizations about changes in the developing countries between 1960 and 1989, using data in Chapter Six.

Divide the class into 14 teams. Explain that each team will represent a country and will analyze the data in Chapter Six for that country. Assign each team one of the countries listed in Table 5 on page 84.

Distribute pages 1–3 of this worksheet. Explain that some questions cannot be answered for some countries because data are not available. Have the teams complete the worksheet in 10 or 15 minutes.

Work with the class as a whole to do the following:

1. Discuss the questions on the worksheet.
2. Tabulate the responses for all countries on the chalkboard.
3. After the questions indicated on the next page, help students to formulate generalizations about all the countries in the table or figure. Have them write the generalizations in the space provided on the worksheet. Suitable generalizations are given on the next page.
4. Discuss the other questions on the worksheet.

In discussing questions 7 and 8, students will note that the values of exports and/or imports declined in Nigeria, India, Kenya, Bolivia, Egypt, and Brazil. Ask them, "What *else* happened in those countries that would affect the per capita values of exports and imports?" Students should be able to respond that population increased. Explain that population increase is one reason that these values declined but that other conditions contributed to the decline. Similar conditions existed in some other developing countries.

Explain to students that the countries in the tables and figures in Chapter Six are representative of all developing countries. The generalizations they have formulated are true for all developing countries.

Suitable Generalizations

After tabulating the questions on the worksheet indicated below, help students to formulate the generalizations given by asking the question:

> "What general statement can you make, based on all the countries in the table or figure, about . . ."

Have students write the generalizations in the spaces provided on the worksheet.

- (following question 1)
  ". . . *GNP?*"
  2. GNP increased in all developing countries between 1960 and 1989; it nearly doubled or doubled in all of them, and it tripled or more in most.

- (following question 4)
  ". . . *GNP per capita?*"
  5. GNP per capita tripled or more in all but one developing country between 1960 and 1989.

- (following questions 7 and 8)
  ". . . *foreign trade?*"
  9. Foreign trade increased in most developing countries between 1960 and 1989.

- (following question 11)
  ". . . *the amount of foreign trade in developing countries*, in comparison with the amount in industrial countries (assuming that the United States is typical of all industrial countries)?"
  12. The amount of foreign trade in industrial countries is much greater than the amount in developing countries.

- (following question 16)
  ". . . *social indicators?*"
  17. Social indicators improved in all developing countries between 1960 and 1989.

- (following question 21)
  ". . . *the improvement in social indicators* in low-income countries in comparison with those in middle-income countries?"
  22. Most social indicators are improving more rapidly in middle-income countries than in low-income countries.

- (following question 23)
  ". . . *social indicators* in industrial and developing countries?"
  24. Social indicators are generally more favorable in industrial countries than in developing countries.

- (following question 25)
  ". . . *what must happen* if living conditions are to improve in the developing countries between now and 2000?"
  26. Population increase must slow and development must speed up.

_____
(Name)

ANALYZING STATISTICS

You will be assigned one of the countries for which statistics are given in Chapter Six. You will analyze the data in the chapter to answer the following questions about the country assigned to you. Write the name of your country here.

_____

Refer to Table 5, page 84

1. Put a check by the word or phrase that describes what happened to GNP in your country between 1960 and 1989. (Divide the 1989 amount by the 1960 amount.)

   ____ data not available
   ____ nearly doubled
   ____ doubled
   ____ tripled
   ____ quadrupled
   ____ increased more than 5 times
   ____ decreased by 1/4
   ____ decreased by 1/3
   ____ decreased by 1/2

2. (You will write on these lines during class discussion.)

   _____

   _____

3. How would this change in GNP affect people in your country?

   _____

4. Put a check by the word or phrase that describes what happened to GNP per capita in your country between 1960 and 1989.

   ____ decreased
   ____ increased by $100 or less
   ____ increased about 50 percent
   ____ nearly doubled or doubled
   ____ nearly tripled or tripled

5. (You will write on these lines during class discussion.)

   _____

   _____

6. How would this change in GNP per capita affect people in your country?

   _____

Refer to Tables 6 and 7, pages 86 and 87

7. Did the value of exports per capita in your country increase between 1960 and 1989? _____

   By how much? _____

8. Did the value of imports per capita in your country increase or decrease between 1980 and 1989? _____

   By how much? _____

9. (You will write on these lines during class discussion.)

10. How would these changes in imports and exports affect people in your country?

11. In 1989 the value of exports per capita in the United States was $1,595, the value of imports per capita was $1,97[illegible]. What is the difference between these amounts and those for your country?

    Exports _____ Imports _____

12. (You will write on these lines during class discussion.)

Refer to Figure 6, page 88

13. Is your country a low-income country or a middle-income country? _____

Assume that your country is like the low-income or middle-income countries shown in Figure 6 in answering the following questions.

14. Is the number of babies who die in the first year of life increasing or decreasing in your country? _____

15. Is the number of adults who can read and write increasing or decreasing in your country? _____

16. Are people living longer or shorter lives than they used to in your country? _____

17. (You will write on these lines during class discussion.)

18. In which group of countries is GNP per capita increasing more rapidly—low-income or middle-income? _____

19. Is infant mortality decreasing more rapidly in one group of countries, or at about the same rate in both? _____

20. In which group of countries is adult literacy increasing more rapidly—low-income or middle-income? _____

21. Is life expectancy increasing more rapidly in one group of countries, or at about the same rate in both? _____

22. (You will write on these lines during class discussion.)

_____

_____

Refer to Table 2, page 20

23. Are the social indicators in this table more favorable for industrial countries or for developing countries? _____

24. (You will write on these lines during class discussion.)

_____

_____

Refer to Figure 7, page 89

25. Based on the information in the figure, what do you think must happen if the living conditions of people in your country are to continue to improve between now and 2000?

_____

_____

26. (You will write on these lines during class discussion.)

_____

_____

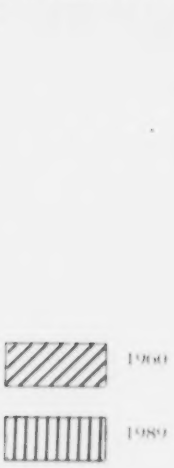
Refer to Figure 9, page 89

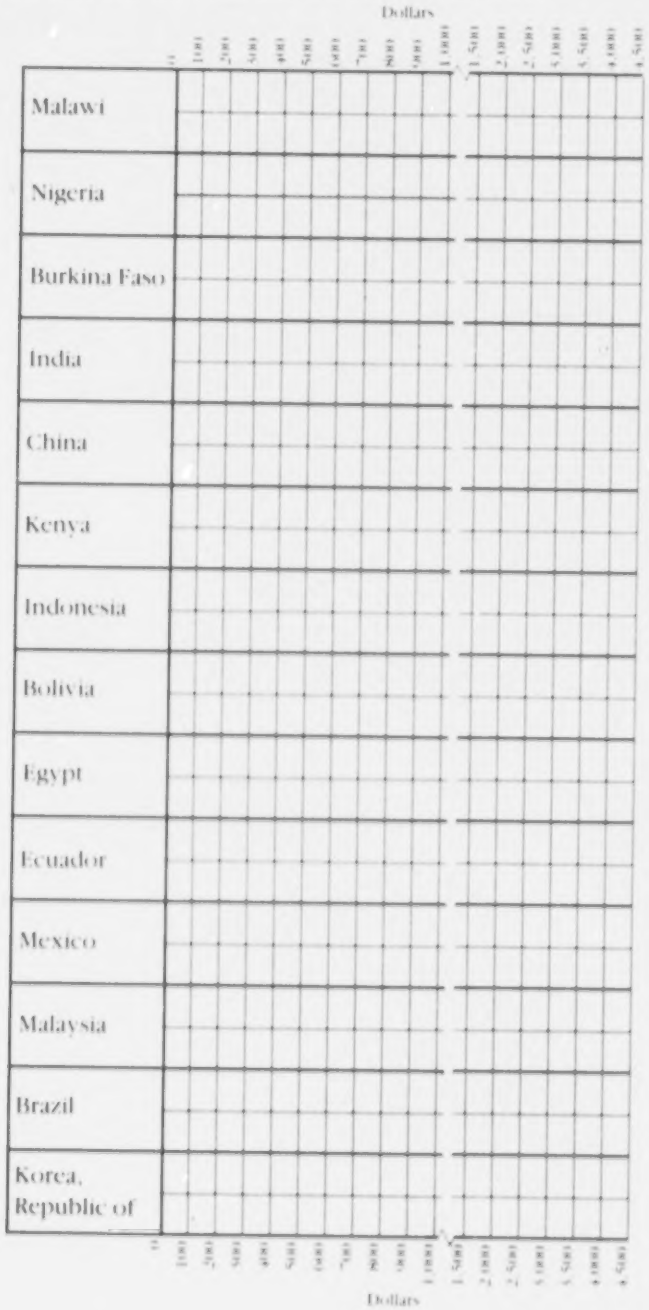
27. Where do you think your country should be located on this figure?

_____

CHANGES IN GNP PER CAPITA IN SELECTED DEVELOPING COUNTRIES

Use the form below to make a bar graph showing GNP per capita in 1960 and 1989 for the countries in Table 5. Use the first line for 1960 and the second for 1989.





COMPARING FOREIGN TRADE IN DEVELOPING AND INDUSTRIAL COUNTRIES

Making the graphs on the next page will show you the difference between the amount of foreign trade in developing countries, on the average, and in selected industrial countries. The selected countries are representative.

1. Complete the tables below. To calculate the averages for low-income countries, add the figures for Malawi through Indonesia in Tables 6 and 7 on pages 86 and 87; then divide the sum by the number of figures. Round to the nearest dollar.

   To calculate the averages for middle-income countries, add the figures for Bolivia through the Republic of Korea in Tables 6 and 7 and divide the sum by the number of figures. Round to the nearest dollar.

Value of Exports Per Capita, 1960 and 1989

	1960	1989
Average, low-income countries		
Average, middle-income countries		
Japan	$131	$2,254
Germany	707	5,494
United States	329	1,595

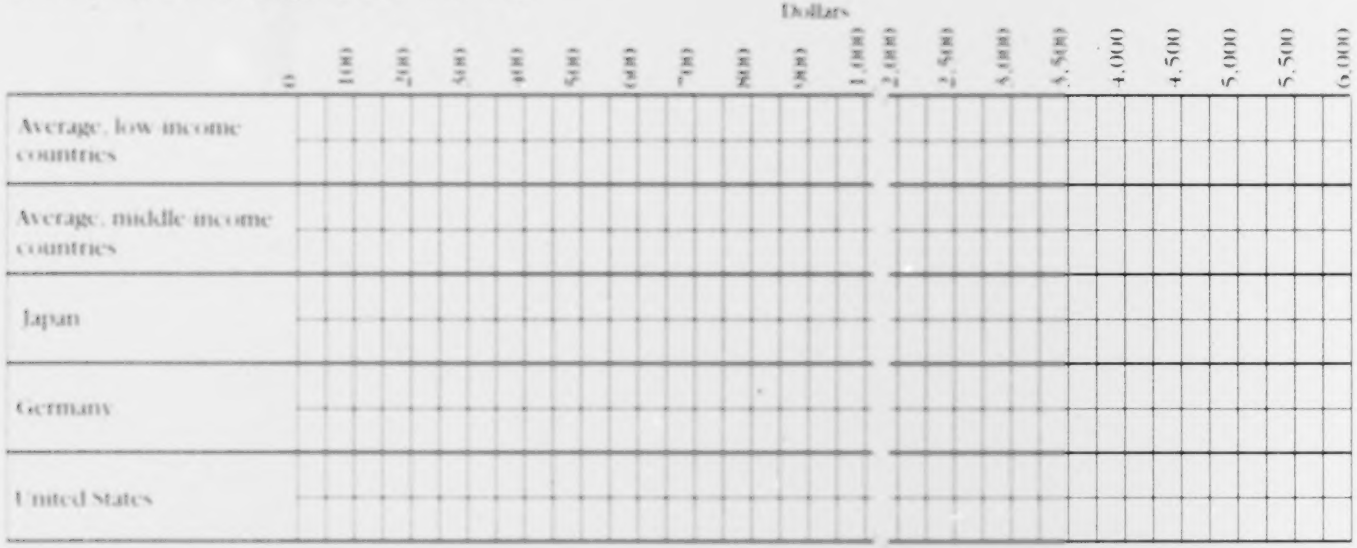
Value of Imports Per Capita, 1960 and 1989

	1960	1989
Average, low-income countries		
Average, middle-income countries		
Japan	$166	$1,684
Germany	565	4,332
United States	320	1,976

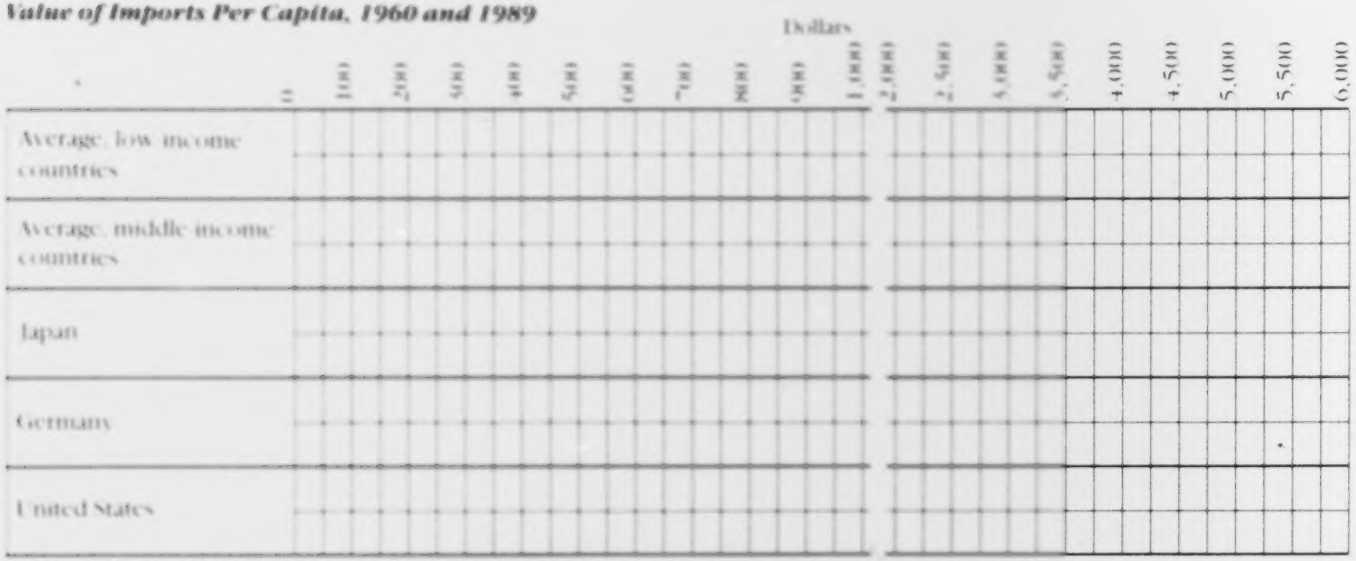
2. Use the forms on the next page to make graphs showing the data in the tables.

3. When you have completed the graphs, write two general statements that summarize what they show about the amount of foreign trade in industrial and developing countries.

Value of Exports Per Capita, 1960 and 1989



Value of Imports Per Capita, 1960 and 1989



WHAT ARE DEVELOPING COUNTRIES WORRIED ABOUT?

Developing countries depend on industrial countries in many ways, but they are worried about this dependence. The scenario below will show you one of the reasons. Developing countries are afraid they will have experiences like that of Bangladesh in the scenario. Read the scenario and answer the questions that follow it.

- Hundreds of thousands of people in Bangladesh are employed in growing jute, the raw material from which burlap and other products are made. Burlap and burlap bags are manufactured from jute in factories in Bangladesh which employ thousands of people. Burlap bags are used as containers for shipping grain, fertilizers, and other bulk commodities.
- Bangladesh exports burlap bags to the United States, where they can be purchased at very low cost. Petrochemical factories in the United States (factories that make products derived from oil) now produce a synthetic fabric which, like burlap, can be made into bags for shipping grain. At present bags made from the synthetic fabric are more expensive than those made from burlap from Bangladesh.
- Plants in the United States that produce synthetic fabric bags use much more machinery and energy and employ many fewer persons than are employed in producing burlap bags in Bangladesh.
- At present prices, users of bags would continue to buy burlap bags because they are cheaper. As long as this practice continued, only a small number of synthetic fabric bags would be sold.
- In order to be able to sell synthetic fabric bags, manufacturers might seek to have a tariff placed on Bangladesh burlap. A tariff is a tax on imports. A tariff could increase the price of Bangladesh burlap bags and would make them more expensive than synthetic fabric bags.
- Many people in the United States who had been buying Bangladesh burlap bags would begin to buy synthetic fabric bags. Soon Bangladesh would reduce its exports of burlap bags because fewer could be sold.

1. If this scenario were followed, what would be the effect in Bangladesh? _____

   _____

   _____

2. What would be the effect in the United States? _____

   _____

   _____

3. How would you feel if you were an employee of a plant that produced synthetic fabric bags? _____

   _____

   _____

4. How would you feel if you were a Bangladeshi employed in a burlap bag factory?

_____

_____

5. How would you feel if you were a consumer of burlap bags in the United States?

_____

_____

6. What recommendations would you make about this situation? _____

_____

_____

_____

HOW MIGHT ECONOMIC DEVELOPMENT IN DEVELOPING COUNTRIES AFFECT EMPLOYMENT IN INDUSTRIAL COUNTRIES?

Instructions for Teachers

This worksheet is a simulation that will help students explore a possible effect of economic development in developing countries on employment in industrial countries. Directions for managing the simulation are as follows.

1. For a class of 30, duplicate 30 copies of pages 1, 4, and 5 of the worksheet. Duplicate 5 copies of pages 2 and 3. Cut pages 2–3 so that there are 5 copies of the information about each of the six companies. Divide the class into six groups; each group will represent one company.

2. Distribute page 1 of the worksheet to all students and read it together. Be sure that students understand the two points of view.

3. Illustrate the kind of advertisement students might write:
   - "Company producing medical supplies for Third World seeks plant and skilled employees in Northeast."
   - "Small Massachusetts printing company seeks new owner of plant. Skilled work force available."

4. Distribute copies of the information about one company to each group. Be sure that the groups do not communicate with each other. Have the groups write their advertisements.

5. When the ads have been written, explain that the class will now see whether the needs of the companies match. Have each company read its ad aloud; have other companies listen. Students will find that the needs of four companies match (A and E, B and D) but that the needs of Companies C and F do not match.

6. Lead a discussion of the following questions:
   - Does economic development in developing countries create employment or unemployment in industrial countries?
     (It creates both.)
   - Why does Company C not meet the needs of Company F, and vice versa? Give two reasons.
     (They are far apart geographically, and the skills involved are different.)
   - What can be done about unemployment in industrial countries created by economic development in developing countries?

7. Distribute pages 4 and 5 of the worksheet; read it aloud with students and discuss it.

_____
(Name)

HOW MIGHT ECONOMIC DEVELOPMENT IN DEVELOPING COUNTRIES AFFECT EMPLOYMENT IN INDUSTRIAL COUNTRIES?

People in industrial countries disagree about the effect on their own economies of economic development in developing countries. One group of people sees economic development as a threat. According to their point of view, developing countries can manufacture goods at lower prices than the same goods can be manufactured in industrial countries. When these low-priced manufactures are imported into industrial countries, more developing-country products will be sold than industrial-country products. Manufacturers in the industrial country will have fewer sales and may have to stop manufacturing. Then people will lose their jobs.

The other group of people sees economic development as an opportunity. According to their point of view, the needs of developing countries are so great that manufacturers in industrial countries will expand their businesses and start new ones to meet these needs. Gradually, more people will be employed in industrial countries.

The purpose of this activity is to see how economic development might affect employment in industrial countries. Does it increase unemployment, or does it increase employment?

Your class will be divided into groups. Each group will represent a business that has specific needs. Your teacher will give your group a description of your company. Your company will then try to meet its needs by advertising in a business journal. The task of your group is to write the advertisement for your company. You may write the ad at the bottom of this page.

Do not let the other groups in the class know what your company is advertising for.

Write the name of your company here. _____

Company A

You are a small firm of interior decorators. You specialize in high-quality fabrics with unusual designs. The cost of fabrics is now so high that your business is beginning to decline. You have had to let several employees go, and you expect you will have to let others go at the end of the year. Your business would be helped if you could find some low-cost, unusual fabrics that would appeal to your customers.

Write an ad for a magazine published for interior decorators describing the fabrics you are looking for.

Company B

You are a large manufacturer of various kinds of iron products. You want to start producing small pumps to be exported for use in village wells in Bangladesh, India, and Pakistan. Your present plant is fully used, and to produce the pumps you will need to build a small foundry or to buy an old one.

Write an ad for a business magazine stating what your needs are.

Company C

Your firm, located outside Washington, D.C., employs mainly highly trained computer programmers and system analysts. You recently won a government contract to develop software and management systems for worldwide weather monitoring based on satellite information. You must double your staff to produce the new software; later on you must hire staff to train people in Africa and Asia to process weather information for airports and other users.

Write an ad to recruit staff for publication in journals that report on developments in the computing industry.

Company D

Your company is a small iron foundry, a factory that makes machine parts from iron. The foundry has produced parts for an automobile manufacturer for many years. The automobile manufacturer has made changes in production methods to lower the cost of his cars because so many people are buying Japanese cars. You would like to have a large company buy the foundry so you will not have to close down and throw your people out of work.

Write an ad for a business magazine to inform large producers of iron products that the foundry is for sale.

Company E

You are a small Nigerian trading company interested in exporting Nigerian handcrafts. You would like to develop a particular craft product for export. For centuries Nigerian village women have produced handwoven cloth, which they print in a variety of traditional patterns using blue dyes. This cloth has been produced only in small quantities. Your company could arrange to have it produced in large quantities in village workshops. Then you could export it at low cost.

Write an ad for an American decorators' magazine describing your cloth and offering to produce and export it.

Company F

Your textile mill in Georgia employs about 500 people. For twenty years it has produced high-quality cloth. But in the past five years cloth of the same quality produced in Africa and Asia has been imported into the United States. The imported cloth sells at a lower price than the cloth produced in your mill. Your sales have dwindled, and now the mill must close. Your loyal, skilled workers face unemployment unless a new company buys the mill, renovates it, and manufactures a new product.

Write an ad for a business magazine offering the mill for sale. The ad should state that you have experienced workers who are willing to learn new skills.

Excerpt from John A. Mathieson, "Protectionism: Myth and Reality," *Development Forum, Business Edition,* October 31, 1980, page 2 (Geneva, Switzerland: United Nations, DESI).

Minimal job loss

Most economic studies show that, compared with other factors that affect employment, the net impact of shifts in foreign trade on total U.S. employment is minimal. One study showed that, between 1964 and 1971, U.S. job opportunities lost to import competition from developing countries represented only 0.2 percent of total manufacturing employment in the United States—about 42,000 jobs per year. During the same period, 270,000 jobs were lost annually to productivity increases. Another study examining the direct and indirect effects of U.S. trade with the developing countries between 1963 and 1975 found that employment losses of about 140,000 in U.S. industries that compete with imports were more than offset by 346,000 jobs gained.

The problem of job displacement in affected industries cannot be brushed away with broad statements about "economic efficiency." The sectors involved are large and important to the U.S. economy. They are strongly represented by trade unions that have focused considerable attention on job losses related to trade. In addition, a strong case can be made that the burden of employment dislocation falls heavily on those U.S. workers who can least afford it, since they tend to be poorer, less educated, less skilled and older, and to include more females and minorities than favourably affected industries. The United States cannot pursue a trade policy benefiting the poorer countries at the expense of the poor in the United States.

The correct strategy for dealing with this economic dilemma is simple to articulate but difficult to implement. Simply put, the United States needs to reinforce its strengths while at the same time spreading the costs of dislocation more evenly. However, such a strategy will require fundamental changes in numerous policy areas in order to encourage structural transformation.

Like other countries of the North, the United States needs a set of policies that facilitate a shift of capital and human resources away from the less efficient areas of production (in which other countries are gaining comparative advantage) into industries in which they are competitive. To do this, *trade policies* need to encourage rather than resist efficient new trade patterns; *industrial policies* need to promote innovation, research and the creation of new industries; *manpower policies* need to provide training for new skills and facilitate occupational mobility; and *social policies* need to distribute the burden of dislocation more equitably by providing compensation and essential benefits to workers until they are re-employed.

At the same time that actions are taken to improve the domestic performance of the United States and other industrialized countries, there is also a need to reinvigorate the international economy. In the 1980s, the developing countries may well become the most dynamic source of growth—if the international trading system remains open, particularly for newcomers. Expansion thus far has been concentrated in a small number of newly industrializing countries, but a new generation of international competitors is now discernible in several states.

A common challenge

Exporters are also importers, and the potential demand of developing countries for industrial-country capital, manufactures, technology, food and services is virtually unlimited. The effective demand of these countries, however, will be determined by the amount of foreign exchange they can earn to finance imports. Although foreign exchange can be obtained through aid, direct investment inflows or borrowing, the best way for developing countries to generate foreign exchange is through exports.

The ability of developing countries to increase exports depends largely on the capacity of the industrial countries to absorb additional imports—at least until trade among developing countries reaches much higher levels. To close this circle of interdependence, the absorptive capacity of the North will be determined by the ability of industrial countries to rekindle economic growth, reduce inflation, expand exports and make structural adjustments in order to take advantage of real comparative strengths. This is the common challenge we face in the 1980s.

EXPLORING OPINIONS ABOUT ECONOMIC DEVELOPMENT

People hold many opinions about economic development. Some of them are given below. Write "A" beside the statements you agree with, "D" beside those you disagree with, and "?" beside those about which you have no opinion.

1. ____ People in developing countries don't want economic development: they are happy as they are.
2. ____ Economic development means that developing countries will have to adopt the values and way of life of industrial countries.
3. ____ Economic development is a fancy term for good old American know-how.
4. ____ Economic development doesn't affect industrial countries.
5. ____ Economic development doesn't benefit the poor in developing countries: corrupt government officials and other people just get richer.
6. ____ Economic development doesn't do anything to advance world peace: the way to do that is to have allies and a strong defense.
7. ____ Economic development isn't necessary: what is necessary is for people in developing countries to stop having babies.
8. ____ Economic development benefits industrial countries as well as developing countries.
9. ____ Economic development means that developing countries will compete with us and our country will be flooded with cheap imports.
10. ____ Economic development is hopeless: nothing much has happened yet, so we have no reason to expect much to happen in the future.
11. ____ Economic development means jobs in developing countries and jobs in industrial countries, too.
12. ____ Economic development is a western idea that industrial countries have forced on the rest of the world.

TEST III (A)

Part One

In each of the groups below, choose the concept or term from the list at the left that completes each sentence at the right. Write it in the space provided. There is one more concept or term in each group than you will need.

Group A

adult literacy rate
industrial countries
developing countries
goods and services
imports
life expectancy
standard of living

1. To satisfy their needs and wants, people produce many _____
2. If 90 percent or more of the people over 15 in a country can read and write, the country has a high _____
3. Countries in which there is a great deal of industry and most people have a high standard of living are called _____
4. People who have few foods and services to help them meet their needs have a low _____
5. If a baby born in a country is likely to live to be 70, people in the country are said to have a high _____
6. Countries in which many people have a low standard of living are called _____

Group B

absolute poverty
economic growth
development assistance (foreign aid)
GNP per capita
interdependence
physical infrastructure
saving

7. If you do not spend all your income on goods and services that will be used up quickly, you are _____
8. To assist poor countries in economic development, rich countries are providing money and expert advice, or _____
9. People who are often hungry and ill, who are illiterate, and who have little opportunity to improve their living conditions live in _____
10. When countries produce more goods and services, _____ takes place.
11. Roads and electric power provide the groundwork for economic development. Such things are called a country's _____
12. If the value of all the goods and services produced in a country in a year were divided equally among the country's people, each person's share would be called the _____

Group C capital economic development economic equity gross national product infant mortality rate population growth rate productivity	13. When a country improves the opportunities of its poorest people so they can acquire a fairer share of the goods and services produced in the country _____ is improved. 14. When a country increases its stock of machines, vehicles, roads, and so on, it increases its physical _____; when it increases the knowledge and skills of its people, it increases its human (same word) _____. 15. If the population of a country increases by more than 2.5 percent a year, the country has a high _____ 16. To improve the living conditions of their people, developing countries are engaging in _____ 17. A country in which 7 or 8 percent of the babies die before their first birthday has a high _____ 18. The value of all the goods and services the people in a country produce in a year is called that country's _____
Group D economic equity exports imports interdependence investing productivity	19. Industrial countries need the raw materials of developing countries, and they need to export to them. Developing countries need capital goods and expert advice from industrial countries, and they need to export to them. This relationship between industrial countries and developing countries is called _____ 20. The goods and services a country produces and sells in other countries are its _____ 21. When people acquire skills or equipment that help them to produce more goods and services, their _____ increases. 22. If you spend your savings on things that enable you to produce more goods and services, you are _____ 23. The goods and services a country buys from another country are its _____

Part Two

Read each sentence below. Then write the letter of the word or phrase that correctly completes it in the space to the left of the sentence number.

____ 1. Most of the money to pay for economic development comes from:
(a) the governments of industrial countries
(b) developing countries themselves
(c) international organizations

____ 2. Developing countries receive loans and grants to assist them with economic development from all the following *except*:
(a) the governments of industrial countries
(b) international banks
(c) manufacturing companies in industrial countries

____ 3. The amount of development assistance provided in 1989 by industrial countries was:
(a) half again as much as (50% or more than) in 1965
(b) less than the amount provided in 1965
(c) more than five times as much as in 1965

____ 4. Countries that provide a higher percentage of GNP for development assistance than most other countries are:
(a) France, the United Kingdom, and Germany
(b) Norway, Sweden, Denmark, and the Netherlands
(c) the United States and Canada

____ 5. In the countries you have studied, between 1960 and 1989 GNP
(a) decreased
(b) remained the same
(c) doubled or more in all but one country

____ 6. In the countries you have studied, between 1960 and 1989 GNP per capita:
(a) grew by a small amount in all of them
(b) increased in some and decreased in some
(c) increased in almost all; doubled in several

____ 7. Since 1960 the value of exports and imports per capita in the developing countries you have studied:
(a) decreased in most of them
(b) increased in most of them
(c) remained about the same in most of them

____ 8. All the following statements are true *except*:
(a) The infant mortality rate is declining more rapidly in low-income countries than in middle-income countries.
(b) Life expectancy is increasing in all developing countries but remains low.
(c) The adult literacy rate is rising in all developing countries but remains lower than in industrial countries.

____ 9. In the past 30 years the living conditions of people who live in absolute poverty, of people in the poorest developing countries, and of many women in developing countries:
(a) have improved considerably
(b) have improved very little
(c) have deteriorated very much

____ 10. Industrial countries depend on developing countries for all the following *except*:
(a) raw materials and consumer goods
(b) jobs for many people who produce exports to developing countries
(c) products from developing countries that compete with their own products

____ 11. Developing countries depend on industrial countries for all the following *except*:
(a) food and capital goods
(b) building materials and clothing
(c) financial assistance with economic development

____ 12. Economic development in developing countries will be more difficult in the future for all the following reasons *except*:
(a) industrial countries are buying fewer of their products
(b) the price of oil is much higher than it used to be
(c) industrial countries are importing many of their products

____ 13. The trade of the United States with developing countries in 1989 amounted to approximately:
(a) 40% of its exports and imports
(b) half of its exports and imports
(c) 1/3 of its imports

Part Three

1. Do you think industrial countries should provide development assistance (or foreign aid) to developing countries?

   State your opinion and give *at least two reasons* for your opinion. Your reasons must include specific information you acquired during your study.

2. Do you think economic development is helping to improve the living conditions of people in developing countries?

   You should consider at least one statistic that shows that progress is being made in developing countries and at least one problem that remains to be solved. Then you should state your opinion.

TEST III (B)

Part One

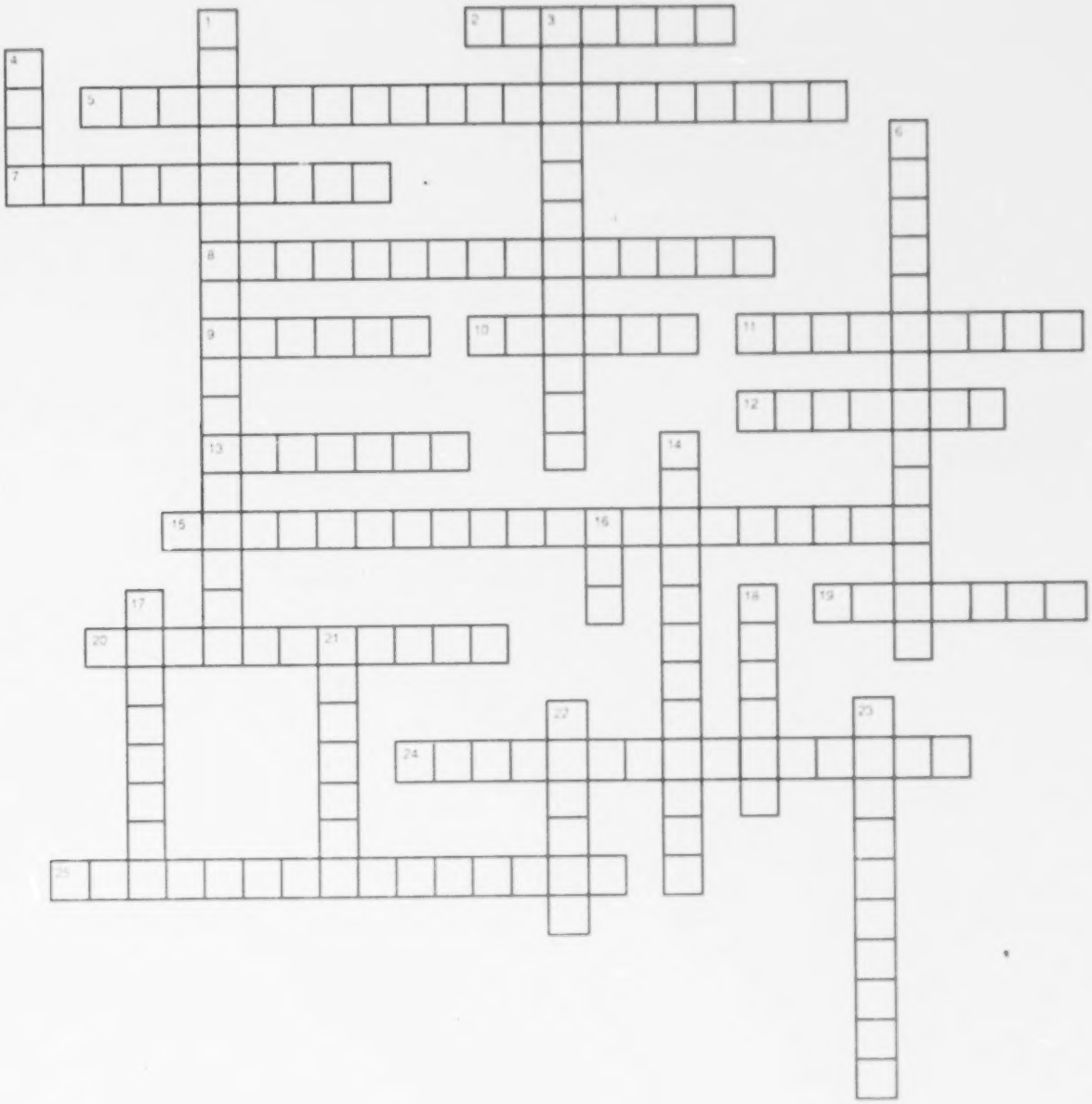
You are to complete the word puzzle on the next page by recalling concepts and terms you have learned. Read the sentences below. Then write the words that complete them in the spaces of the word puzzle which have the same numbers as the sentences.

Across

2. The goods and services that a country sells in other countries are its _____.
5. If the population of a country increases by more than 2.5 percent a year, the country has a high _____.
7. If a baby born in your country can expect to live less than 50 years, people in your country are said to have a short life _____.
8. A country in which 1 or 2 percent of the babies die before their first birthday has a low _____ rate.
9. When a country improves the opportunities of its poorest people so they can acquire a fairer share of the goods and services produced in the country, economic _____ is improved.
10. People who have few goods and services to help them meet their needs have a low standard of _____.
11. If you spend your savings on things that can enable you to produce more goods and services, you are _____.
12. The goods and services a country buys from another country are _____.
13. When a country increases its stock of machines, vehicles, roads, and so on, it increases its physical _____.
15. The value of all the goods and services the people in a country produce in a year is called that country's _____.
19. Development assistance is another term for _____ aid.
20. To improve the living conditions of their people, developing countries engage in economic _____.
24. Industrial countries need the raw materials of developing countries and need to export to them. Developing countries need capital goods and expert advice from industrial countries and need to export to them. This relationship between industrial countries and developing countries is called _____.
25. People who are often hungry and ill, who are illiterate, and who have little opportunity to improve their living conditions live in _____.

Down

1. If 90 percent or more of the people over 15 in a country can read and write, the country has a high _____.
3. When people acquire new skills or better equipment that can help them produce more goods and services, their _____ increases.
4. If a baby born in your country is likely to live to be 70, people in your country have a long _____ expectancy.
6. Roads and electric power provide the groundwork for economic development. Such things are called a country's physical _____.
14. If the value of all the goods and services produced in a country in a year were divided equally among the country's people, each person's share would be called _____.
16. To assist poor countries with economic development, rich countries are providing money and expert advice, or foreign _____.
17. To satisfy their needs and wants, people produce many goods and _____.
18. If you do not spend all your income on goods and services that will be used up quickly, you are _____.
21. Most developing countries want to _____ more goods and services.
22. When countries produce more goods and services, economic _____ takes place.
23. Countries in which there is a great deal of industry and most people have a high standard of living are sometimes called _____ countries.



Part Two

Write brief answers in the space provided.

1. List four statistics that can be used to measure living conditions in developing countries.
   a. _____
   b. _____
   c. _____
   d. _____

2. List two individuals and/or institutions in developing countries that provide funds for economic development.
   a. _____
   b. _____

3. List five institutions in industrial countries that provide funds that assist developing countries with economic development.
   a. _____
   b. _____
   c. _____
   d. _____
   e. _____

4. Name three countries that provide a high percentage of their GNP for development assistance.
   a. _____
   b. _____
   c. _____

5. Give two examples of ways in which industrial countries are becoming more dependent on developing countries than they were in the past.
   a. _____
   b. _____

6. Give two examples of ways in which developing countries are becoming more dependent on industrial countries than they were in the past.
   a. _____
   b. _____

7. Trade between the United States and developing countries in 1989 amounted to about
   _____ of U.S. exports and
   _____ of U.S. imports.

8. Do you think industrial countries should provide development assistance to developing countries?

   State your opinion and give *at least two reasons* for your opinion. Your reasons must include specific information you acquired during your study.

_____

_____

_____

_____

_____

_____

_____

_____

Part Three

Do you think economic development is improving the living conditions of the people in developing countries?

State your opinion and support it with information you have acquired during your study. You should consider the record of the developing countries in the past thirty years, referring to statistical data and interpreting it. Then you should mention some of the problems that developing countries still must solve.

Be as specific as possible in answering the question.

ADDITIONAL ACTIVITIES

1. State some of the special problems women and girls face in developing countries and some of the things developing countries are doing to provide more opportunities for them. Suggest some additional things that might be done.

2. Write a paper answering the following questions:
   a. In what ways is economic development a threat to the environment?
   b. What can be done to reduce the threat?

3. Explain how massive urban migration affects developing countries, state some things developing countries are doing to deal with this problem, and make some additional suggestions.

4. Discuss some of the forms of energy that developing countries might develop to reduce their dependence on imported oil.

5. Explain the message of the poster on page 69 of *The Developing World*. Explain how the problem it presents affects developing countries and the rest of the world, and review the ways in which developing countries are trying to deal with this problem.

6. Select one of the developing countries included in the tables of *The Developing World*. Do additional research about the country and combine this research with statistical information in a report. You might suggest a development program for the country, outlining activities that would meet the country's special needs.

7. Discuss some of the negative aspects of life in the United States that seem to be related to its prosperity (rising crime, divorce rates, drug abuse and alcoholism, materialism, wastefulness). Consider how developing countries might try to avoid these negative features as their economies develop.

8. Plan a paper about some aspect of economic development that interests you and discuss it with your teacher; then proceed with the paper.

9. Write a fictional account of an individual in a developing country. Be sure that the details of the account are realistic and reflect your knowledge of economic development.